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INTER-AMERICAN AFFAIRS

GUATEMALAN-MEXICAN OIL DRILLING CONFLICT

Mexican Minister Refutes Charges

Guatemala City PRENSA LIBRE in Spanish 21 Feb 80 p 8

[Text] The Secretariat of Mining, Hydrocarbons and Nuclear Energy believes one nation has pumped oil from a well lying on the boundary between it and a second nation, as Deputy Napoleon Alfaro has charged.

In effect, Deputy Jose Napoleon Alfaro, chairman of the Foreign Relations Committee of the legislature, said (quoting from LA NACION of 20 February) that "Mexico is building underground tunnels so that the petroleum in Guatemalan wells will run toward its side."

In Mining, Hydrocarbons and Nuclear Energy the opinion on this point is that if an oil well were discovered along some part of the frontier between Guatemala and Mexico, it would be exploited on the basis of bilateral agreements on quotas and revenues.

"But," Secretary Jorge Luis Monzon Juarez said, "up to now there has never been such a case, aside from the fact that the oil cannot be 'sucked out.' as William McPherson, petroleum geologist and the Secretariat's advisor, pointed out some 6 months ago, not even should a deposit be right on the border."

Former Minister on Mexican Threat

Guatemala City P. SA LIBRE in Spanish 27 Feb 80 p 6

[Text] The letter published below was sent in by Carlos Gracias Arriola, former director of mining, former assistant secretary of economy and finance and former legal advisor to the presidency of the Republic of Guatemala.

Pedro Julio Garcia
Director of PRENSA LIBRE

Dear Sir:

Today, on my return from a vacation in Mexico, I found an article on petroleum in PRENSA LIBRE of 21 February, titled: "The Mexicans Are Not Drawing Off Our Oil." And the attempt is made to bolster this assertion with the opinion of a foreign advisor to the Secretariat of Mining and Hydrocarbons, who is said to affirm that "it is not possible for the petroleum to be drawn off even when the deposit is right on the border." I really do not hold any official position connected with this subject, nor do I have any connections with any oil company. But my conscience does not permit me to remain silent in the face of such an assertion, which is neither consonant with scientific fact nor with what could actually occur.

Sir, I was the director of Mining and Hydrocarbons for 2 years and I was constantly visiting oilfields both in Guatemala and the United States. In addition, I have a degree in petroleum law (oil and gas laws) from the University of Tulsa.

In U.S. jurisprudence, under the subject of gas and petroleum conservation, there is a concept known as the rule of capture, by which directional wells can be drilled through adjacent properties. This legal norm, or principle of petroleum law, was passed or created by the U.S. Senate to facilitate oil production in the United States. The American Indians, who are as conservative as our own Indians, opposed the extraction of petroleum from their lands; but by means of the rule of capture, anyone who was a neighbor of a redskin had the right to draw out, or "suck out" as your clever reporter picturesquely put it, his neighbor's oil by drilling a directional well.

In conclusion, and in deference to scientific fact and in deference also to the defense of our natural resources, without implying an accusation against our sister republic of Mexico, we could scarcely make such an accusation since we do not have proof of it; but there could be directional wells.

We advise Mr McPearson [as published], advisor to the Secretariat of Mining and Hydrocarbons, to take a look at "Cases and Materials on Laws of Oil and Gas by Williams, Marxwell and Myers (pages 19, 23, 77, 78, 478, which is a textbook used in U.S. universities).

By the way, and quite coincidentally, my nieces and nephews in Mexico, Dr Ramiro Gracias Bonifaz and Chiqui, and Rosemary Gracias Bonifaz, who are Mexican citizens and reside there, introduced me to a gentlemen who, like myself, is over 50 and who was a Shell employee before the expropriation carried out by the government of Gen Lazaro Cardenas, and after it as well. The experience of this man, who was active in the petroleum industry for over 30 years, brought out sharply to me the abysmal ignorance that exists in this country on this subject.

With nothing further to add, sir, please accept my best regards.

[Signed] Carlos Gracias Arriola,
Chief Magistrate, Lower Traffic Court
Ex-Director of Mining and Hydrocarbons
Ex-Assistant Secretary of Finance and Public Credit
Ex-Legal Advisor to the Presidency
Graduate of the Diplomatic Service

9015

CSO: 3010

NEW BRAZILIAN AMBASSADOR TO GO TO USSR

Rio de Janeiro JORNAL DO BRASIL in Portuguese 11 Mar 80 p 13

[Article by Noenio Spinola: "New Brazilian Ambassador to Reach Moscow Within a Few Days"]

[Text] Moscow--The new Brazilian ambassador to the Soviet Union, Sizio Pontes Nogueira, will arrive in Moscow in the next few days. The embassy has been headed by the charge d'affaires for almost 9 months, as a result of a series of unexpected circumstances. In the first half of last year, when the Brazilian government decided to transfer Ambassador Celso Souza e Silva to Geneva, diplomatic negotiations to determine his successor began.

A number of names were suggested as possibilities, but the ambassador to Washington, Joao Baptista Pinheiro, seemed the most likely, for it had been decided at that point that he would be followed in his post by the then-foreign minister, Azeredo da Silveira, when the government changed. From what was learned later, it appeared that Baptista Pinheiro chose the USSR post from among the alternatives because he regarded Moscow as a political assignment suitable for ending his diplomatic career, although it would be in certain respects more difficult than Washington.

Until a short time ago, Moscow did not rate high with diplomats as a comfortable place to settle families or for the development of business. From what can be learned, it was precisely the combination of these two factors which caused the resignation of Ambassador Baptista Pinheiro and the new vacancy in the Moscow embassy. After the Soviet government had given its approval, causing the Itamaraty Palace some embarrassment.

Baptista Pinheiro, it was also said at the time, left the diplomatic service in order to take a high management post with an American group.

It is probable that it all came down to a combination of circumstances in which individual preferences played a more important role than the cold political rationale of national interests, pursued by those who hold the reins of command at the Itamaraty or Planalto Palace. But the transfers

effected at the end of the Geisel government term of office served to cause puzzlement everywhere, and to a certain extent to make matters difficult at the beginning of President Figueiredo's government term.

In Washington, the appointment of former Foreign Minister Azeredo da Silveira has been viewed thus far as a direct insult to members of the White House staff. In fact problems have continued one after the other and the resistance comes from the very officials who felt personally offended both before and after Azeredo Silveira's service in the Itamaraty Palace, and who interpreted the Brazilian attitude under the Geisel government not as merely an interest in engaging in politics but rather the desire to create problems. Somehow, the transfer of the former foreign minister to Washington and of the ambassador there to Moscow is seen as yet another machination in the series of problems which, some say, President Figueiredo inherited.

It is reported that when his transfer to Moscow was a certainty, Ambassador Baptista Pinheiro, drawing on his long diplomatic experience, decided to ask for written instructions from the Itamaraty Palace. Thus he would navigate in that most difficult area with a clearly-drawn map of his responsibilities.

At the same time, it was his hope to give Moscow a status comparable to that of Washington, based on the supposition that the time had come for greater development of business transactions between the two countries.

Furthermore, it was thought at the time that the political climate would allow Brazil to function more in the European manner, in view of the interplay of the superpowers' interests. Baptista Pinheiro has not to date revealed whether in his negotiations with the Itamaraty Palace he was asked to have more patience or whether, as was said at the time, he simply yielded to family problems and to the new job opportunity offered to him.

When the embassy in Moscow fell vacant for the second time within a year, diplomats with less controversial status were placed on the list of choices. The ambassador in Bolivia was chosen, but once again circumstances interfered with the plan, for a coup d'etat led to a decision to keep the head of our diplomatic mission in La Paz, for the government did not want to lose the experience he had gained in that post.

The new ambassador will take office bolstered by the statements of the government and the president himself about the Brazilian willingness to see the development of trade with the socialist countries. This has awakened more sympathy for Brazil here and made Soviet circles more receptive.

Also expected shortly is a visit to Moscow by the secretary general of the Brazilian Communist Party, Luis Carlos Prestes. A Western European newspaper identified his position as a radical one within the Brazilian Communist Party, and it is impossible to know how much more support he can win here from the more moderate wings in support of his policy.

RURAL PRODUCERS' POLITICAL ASSOCIATION FORMED IN NINE STATES

Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Mar 80 p 6

[Text] Sao Paulo--At a raucous meeting filled with heated discussion, the provisional commission of the National Agriculture Party (PAN) yesterday approved publication of an official note containing its principles, as well as a program of organized support among rural producers on a nationwide basis.

The note, presented in an interview by coffee grower Luiz Lucio Paccola, originator of the idea of forming the party, stresses that the association is already taking shape in nine states and asserts that the PAN will not "lean to the left, center or right," but bases its philosophy on three factors: "work, production and fair prices, in pursuit of social peace and collective national prosperity."

Schism

The movement has already had its first schism, with resignation of the provisional commission's former chairman, Garibaldi Reale of Parana, who is displeased with having been voted out of office without even having been consulted. Chairmanship of the commission rotates every 90 days. A motion applauding Agriculture Minister Amaury Stabile for his statements favoring production of organic fertilizer on farm properties was also voted.

The new chairman of the provisional commission, Antonio Coelho de Melo Lemos of Minas Gerais, said the political association of rural producers will neither support nor oppose the government, but will defend the interests of the sector. It could be allied with the government, if the latter takes measures to support and encourage farm production, or it could defeat it in the elections, "which until now have been won by the government solely with the support of the nation's rural community, since it can no longer count upon the support of the urban population."

He recalled that the movement emerged with the idea of overturning the foreign-exchange confiscation for coffee and soybeans, but grew because its members were aware of the "need for rural producers to begin political

action," Mr Antonio Coelho warned that "the government could take a tumble" in the elections, if it continues to neglect agriculture.

Mr Garibaldi Reale said he wishes to leave the movement because he disagrees with "certain methods" and because of the lack of discipline within the provisional commission itself. He also disagrees with departing from the initial idea of a movement for coffee growers and widening it to include all farming and stock raising. Mr Garibaldi Reale was the coordinator of the "March of Production" toward the end of the Juscelino Kubitschek administration, which was to go from Parana to Brasilia to protest the coffee-growing situation. The movement was prevented from doing so by the Army, on orders of Marshall Teixeira Lott.

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CSO: 3001

MILITARY SOURCES FORESEE END OF MILITARY RULE IN 1985

Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Mar 80 p 4

[Article by De Guilherme Costa Manso: "Military Area Believes Next President Should Be Civilian"]

[Text] Brasilia--The cycle of military presidents is ending in 1985. That is the general opinion among armed forces officers serving in the nation's capital. According to military thinking, a civilian president in 1979 would have brought unforeseeable consequences. In 1985, however--"depending upon the assessment of subversion"--the military would give up direct contact with power, thus confirming assertions by a highly-placed source in the so-called "palace group," who promised: "The nation's next leader will be a civilian, a political member of the PDS [Social Democratic Party]."

That same sentiment was corroborated by a highly-placed military source who, upon leaving an important staff position in Planalto Palace, emphasized: "The military are leaving. Now it's your turn--lawyers, politicians and civilians."

Withdrawal of the military, despite their constant concern about "possible returns to the past," is viewed realistically, since various sources acknowledge the wear and tear the armed forces, and particularly the Army, have been subject to during the past decade.

This strain is admitted openly among officers we have questioned, and for the most varied reasons. One military man, for example, points out that the armed forces "are tired of being given all the blame for every national problem." Or, yet: "The Army, as an institution, has not benefited from direct intervention in government; on the contrary, just as in the most critical periods of the 1964 Revolution they prevented the rise of civilian leaders, military leaders were likewise not permitted to emerge. During this period, merit promotions have been relegated to the background--due to military intervention itself--so that friendship and especially loyalty prevailed as the criteria for advancement."

Another military man noted that the armed forces could not remain in power forever and "in order to get completely out" of intervention, a return to

their legitimate principles must be the only path. Or, as defined by another source: "The Revolution, as the military in power, must be temporary, but its principles must be enduring."

The prediction that Figueiredo would be the last military man of the Revolution to govern the nation, thus ending a 21-year cycle, was made in December 1977 by Adm Julio de Sa Bierenbach, judge of the Superior Military Court, who, in a press interview, compared the 1964 movement to "a veritable relay race with five participants from the same club, wearing the same olive-green uniform and with identical training." "We are," the judge asserted at that time, "close to the last passing of the baton, which will be in March 1979. In all relay races there is a stretch where two runners are running parallel to each other, perfectly in step, one passing and the other receiving the baton. Clearly, the fourth man knows who will be the anchorman; that is, to whom the baton will pass." Further on, he emphasized: "This baton symbolizes the worthy principles of the 1964 Revolution and the commitments made by its participants to reach the finish line with a solution acceptable to the whole nation. We will prepare the final tape for March 1985. For this reason, the fifth man's run must be completely planned and defined in 1978, with the promised reforms and whatever becomes necessary."

But why, the military were asked, was a civilian government not already possible in 1979? The reply of a highly-placed source was: "There wasn't the climate in the armed forces ready to support political reform by a civilian president. Suppose Magalhaes Pinto had been the chosen successor. The armed forces would hardly have been likely to support an amnesty engineered by Magalhaes to the extent they backed Figueiredo. A civilian president might not have lasted 1 year..."

It is worth recalling here the language of the Amnesty Law, which covered everyone but those sentenced for taking lives. The impression was achieved in military circles that this artifice, which left the legislation ambiguous --permitting the return of those who had taken life but were not tried, while preventing the release of those who were in Brazil and convicted of the same type of crime--had the major function of softening the idea of an unrestricted amnesty, which had already been decided upon in Planalto Palace through the decision that Brazil was no longer to have political prisoners in jail, or at least a minimum number of them, who could, in turn, be benefited by other artifices later.

The Revolution, moreover, ceased to be untouchable. The military do not waver in their contention that intervention "was a democratic act with the purpose of ridding the nation of corruption and radical and communistic tendencies," asserting, however, that "there was extremism on all sides," and that, after this period--"which reached its zenith during the Medici administration"--it has now returned "to the ideals on which it was based."

Also contributing to the so-called return of the military to the barracks, at least in terms understood nationally and in the sense of not having

political power over the nation in their hands, was the position taken by current Army Minister Gen Valter Pires, who has made an effort to "professionalize" the Army, thus completing the circle of conditions favorable to a climate of accepting a civilian successor, whoever he may be.

Assuming the end of the military cycle in 1985, the number of civilians capable of being elevated to the presidency increases. The following judgments were expressed by the armed forces officers we sounded out. On the first team--according to the military--the leading contenders for the presidency are Maluf and Delfim Netto. As they point out, both of them seek national recognition in the same fashion: one went to Wall Street and the other went to Mecca.

Maluf's tenacity and political attractiveness cannot be overlooked, even though he does not enjoy the preference of the palace group, which expects the Sao Paulo governor to be weakened after 1982, when he leaves Bandeirante Palace, one source asserted. Delfim, on the other hand, is gambling on the success of the economy and would trade the governorship of Sao Paulo in 1982 for an attempt to reach the highest office in 1985 only if he did not expect a favorable result. "The ambition of both is immense," the source concludes. "On the civilian team, they are the frontrunners."

Just behind, on the second team, is Governor Antonio Carlos Magalhaes, followed at some distance by Justice Minister Ibraim Abi Ackel, who by 1984 could gain sufficient stature to emerge as a civilian leader who "would exemplify moderation and intelligence."

Another possibility raised in military circles touches upon the former officers who have been in politics for a long time. It is the so-called "intermediate solution." Closely bunched, in such an event, would be Costa Cavalcanti, president of Itaipu; Mario Andreazza, interior minister; and Ney Braga, governor of Parana; followed at some distance by Jarbas Passarinho.

The military, however, do not exclude the possibility of another army general becoming president in 1985 and they say: "If Figueiredo were able to choose his own successor, just as Geisel chose him, without the candidate emerging from a consensus between the governing faction and the congressmen who support the regime--and, especially, should certain historical conditions exist that would once again require a military name for the presidency--there is no doubt that it would be Octavio Medeiros, now head of the SNI [National Intelligence Service], since Medeiros represents to Figueiredo what Figueiredo represented to Geisel."

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CSO: 3001

BIRTH CONTROL STRESSED, SOCIAL DEVELOPMENT FUNDS ALLOCATED

Government Readies New Policy

Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Mar 80 p 4

[Text] Brasilia--The government, convinced that Brazil cannot support an annual demographic growth rate on the order of 2.7 percent, is willing to adopt a birth-control policy. Despite the resistance it will have to face, especially from the Church and intellectual sectors, the government has come to the conclusion that it cannot remain passive in relation to the problem.

Some persons closest to the president admit that up to now the government has been excessively cautious in approaching the problem, concerned about not drawing the ire of the intellectuals and the Church. Now, due to the increase of problems in the large cities and in the interior as well, Planalto Palace has ascertained that it is essential to adopt a courageous position in relation to the population increase in Brazil.

Policy

As in several other sectors of national life, the government does not want to be accused of interfering in the private life of the citizens. Therefore no one will be obliged to adopt the use of birth-control methods. However, the government feels it is the government's responsibility to offer the poorer citizens the necessary education so that they will become aware of the need to limit the size of families.

In this regard, although not making a formal declaration in order not to arouse the organized resistance of those sectors, the government is studying the formulation of a program which will place all birth-control methods within reach of the people. Parents will be called to become aware of the problem which the government considers to be directly related to the increase in violence in the country's large urban centers.

In relation to the problem of population increase, the government intends to adopt a policy similar to the one which Justice Minister Ibrahim Abi-Ackel prescribed for social reform--act and do not talk, in order not to alert the

spirits. The Health Ministry and the social welfare system will be mobilized to reach the majority of the population, making them aware of the need to limit the number of children.

An important presidential adviser compares the Brazilian attitude toward the problem of population increase to that of the ostrich which, burying its head in the sand, thinks that it will escape the fury of the storm.

It is not possible for us to witness so many human crises, in the rural areas as well as in the cities, while the country's population increases by one Uruguay--that is, 2.7 million people--each year. The time has come to make a decision, not one which will oblige the citizens, but one which will make them aware of the need to limit the number of their children in relation to their ability to care for them.

According to these advisers, this is a question which causes passionate reactions in Brazil, causing many to believe that the government is thus acting to protect the interests of foreigners. Actually it is a matter of a policy designed to improve the domestic situation of income distribution, avoiding allowing population increase to exceed the increase in the GNP.

Some experts, such as Mr Rubens Costa, former president of the Bank of the Northeast and planning secretary in Sao Paulo, have already warned the government of the risk of postponing the adoption of a demographic policy. Mr Rubens Costa even predicted that, if Brazil should continue its present policy, within a few years it would have a population of 200 million and an economic framework unable to meet the needs of this supply of manpower.

Figueiredo Approves Social Budget

Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Mar 80 p 16

[Text] Brasilia--The FAS (Fund for Aid to Social Development) budget for 1980 will be 32.667 billion cruzeiros, by decision of President Joao Figueiredo at yesterday's CDS (Social Development Council) meeting in Planalto Palace.

It was also decided to use 499 million cruzeiros--additional funds for the FAS plan representing excess receipts of the Sports Lottery--for programs and projects under the Interior, Education and Culture, and Social Security ministries.

MEC [Ministry of Education and Culture] will receive 134 million cruzeiros and the Interior Ministry will receive 89 million cruzeiros. There were 10 million cruzeiros reserved for attracting isolated Indian tribes and for demarcating and registering Indian land; 30 million cruzeiros, for the Rondon Project; 57 million cruzeiros, for the Program of Basic Research for Social Development, coordinated by the National Technological Development Council; 20 million cruzeiros, for construction of federal health units in states of

the North, Northeast and Center-West; 50 million cruzeiros, for the Sao Paulo School of Medicine; 40 million cruzeiros, for employment promotion programs; and 50 million cruzeiros, for financing other projects in the private and public sectors.

Document Recommends Expropriation of Latifundia

Expropriation of unproductive latifundia; transfer of expropriated and surveyed land to small farmers; revision of current fiscal-incentive policy; and extension and implementation of labor legislation, especially in the case of migrant laborers, are some of the measures to be used by the government in restraining migration from the countryside to large cities.

These are basic points of the document approved by President Joao Figueiredo yesterday during the Social Development Council meeting, entitled "National Program for Dealing With Internal Migration."

Employment

The document points out that "about 40 million persons--one-third of the Brazilian population--can be considered migrants." And today, due to this migration, "about 52 million persons live in cities of over 20,000 inhabitants and about 35 million (47 percent of the urban population) live in metropolitan regions and the Federal District."

Each year, the document adds, more than 2 million men and women enter the labor force. "It thus becomes necessary to create about 1.5 million new jobs annually, just to avoid increasing unemployment."

Migrant Laborers

In rural areas, the number of temporary wage-earners (migrant laborers) can now be estimated at 8.5 million people, the study disclosed by Planalto Palace yesterday also points out. "Adding to this the 2.7 million owners of very small farms, 550,000 sharecroppers and tenant farmers, 550,000 squatters, 1.3 million permanent farm laborers, and their respective dependents, the low-income rural population can be estimated at over 40 million."

To ease the problems created by the heavy rural exodus and the problems of the migrant laborers, the document suggests a number of measures in the social and economic fields. One of the alternatives would be to encourage industrial decentralization through subsidies to locating in smaller centers and removal of incentives for locating in metropolitan regions.

Agricultural Frontier

Expanding the agricultural frontier, especially through small and medium-sized producers, is another solution arrived at by the government. The study emphasizes that expanding the agricultural frontier "is one of the

leading remedies for better population distribution and, moreover, contributes to economic growth by incorporating new areas into the productive process."

Another solution would be "to develop a simplified and economical settlement model capable of benefiting the small producer especially and associative and cooperative forms of settlement as well." The document also urges giving priority to "agricultural settlement of the Cerrados region, with emphasis on medium-sized producers and the cooperative system."

Agrarian Reform

It also considers appropriate, especially in the Northeast, "granting priority to implementing the agrarian reform provided for in the Land Statute and promoting redirection of land use, employing, among others, tax mechanisms such as the Rural Land Tax."

And it recommends "expropriating unproductive latifundia of social value," and transferring expropriated and surveyed land to small producers, "seeking their productive use in keeping with internal-migration policy." In addition to these two measures, regrouping "excessively small minifundia" into small but feasible units would be put into practice, "relocating the displaced owners in settlement programs."

Labor Legislation

In the social and labor field, the study's chief recommendation is greater compliance with labor legislation in assisting migrant laborers, "promoting unionization of rural wage-earners, both permanent and temporary, in order to increase their bargaining power and assure compliance with their rights."

Finding opportunities to adopt additional financial, fiscal and credit incentives to industrial, commercial and agricultural firms with greater capacity for absorbing and retaining manpower is another recommended solution.

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CSO: 3001

PRC TO BUY ARMORED VEHICLES, FIGHTER JETS INSTALL NCNA

China Orders 2,000 Vehicles

Sao Paulo VEJA in Portuguese 5 Mar 80 p 25

[Text] An operation begun last year by the secret services of Brazil and China will end this week. Thursday, after a discreet 20-day trip through Brazil, a group of military men answering to the outlandish name of "mission that came to observe the Brazilian wheeled-vehicle industry" will return to Peking. As a matter of fact, their purpose was to decide upon armaments purchases the Chinese army will make here.

The choice has been made: 2,000 armored cars of the Cascavel and Urutu models, equipped with 90-millimeter guns, will be ordered. Negotiations will continue for 6 more months to define technical specifications. The transaction involves about \$600 million--three times the current volume of trade between the two countries.

The mission is led by engineer Zhang Ping, 55, whose rank is equivalent to four-star general. He is responsible for all ordnance purchases by the Chinese army and reports directly to President Hua Guofeng. The mission is comprised of 10 other military men, directors of the leading armaments plants in China, and 2 interpreters. The first discussions for sale of Brazilian ordnance were conducted by the secret services of the two countries, without participation by the foreign ministries. Last November engineers Vito De Graci and Arthur Tolentino of the nation's leading ordnance firm, Specialized Engineers, Inc (ENGESA), spent 12 days in Peking, in long daily conferences with the Chinese military. The next step began the Saturday of Carnaval, when the mission arrived in Brazil.

Strategic Balance

With the intention of concealing the mission's importance, the Brazilian government remained out of the negotiations. "The contacts have been made by ENGESA and EMBRAER [Brazilian Aeronautics Company]," asserted Foreign Relations Minister Ramiro Saraiva Guerreiro. "We have nothing to do with this," said an aide of Gen Milto Tavares de Souza, 2d Army commandant.

But the government had the responsibility of giving the green light to weapons sales. "The amount of our armaments will not alter the strategic balance of the Far East or any other region of the world," Gerreiro argued.

Surrounded by a ring of silence, the Chinese visited places classified as strategic for the national security--to which access is nearly impossible for ordinary Brazilians--such as the Angra dos Reis nuclear plant, weapons and components factories for producing ordnance and for EMBRAER, the nation's largest aircraft manufacturer. "During these tours, they did not limit themselves to seeing facilities and products," revealed engineer Lauro Paraense de Faria of ENGESA. "They went into the shops and discussed production and engineering techniques."

Getting Into the Samba

"We are profoundly impressed with everything we have seen," said Gen Zhang Ping. He showed special interest in the technology developed by the Bernardini firm of Sao Paulo in modernizing old American tanks--which might be utilized by the Chinese on their Soviet-made World War II model T-34 tanks--and in replacement of petroleum by alcohol: "I think we should learn about this from you."

In Sao Paulo, where they spent 13 days, the Chinese found time for more exotic activities. Escorted by ENGESA engineers, on Carnaval Sunday afternoon they went to Simba Safari, a park very popular with Sao Paulo children, where vehicles drive through areas with uncaged animals. At night, dressed in their gray Mao-style uniforms, they were a big success at the Military Guild ball, where they eventually got into the samba in the center of the floor, to the despair of security measures. The following Sunday they visited the Ipiranga Museum and Bandeirante Hall. During their visit they ran into two enormous difficulties: it took them a week to get accustomed to using a knife and fork and they never did get used to Brazilian food. Their salvation was beans and rice.

Pragmatism Governs Bilateral Relations

Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Feb 80 p 8

[Article by Leneide Duarte: "Chinese Journalist Coming to Install News Agency"]

[Text] Brasilia--Pang Bingan, correspondent for the NEW CHINA NEWS AGENCY, will arrive in Brasilia in the next few weeks, accompanied by an interpreter, Chen Jiar-ying. In January Itamarati [Foreign Relations Ministry] received a request for accreditation of the journalist and authorization was given immediately for opening an office of the People's Republic of China official news agency.

"If we have TASS (Soviet agency), why not NEW CHINA?" a diplomat remarked.

The fact of the matter is that there have been many changes since 1964, when, immediately after 31 March, the three NEW CHINA NEWS AGENCY journalists were arrested, tried, convicted and sentenced to 10 years imprisonment. Expelled from the country, they left Rio de Janeiro, where the agency's office was set up.

At the embassy in Brasilia, no one likes to recall this unpleasant event from a not-too-remote past, but would rather forget it. The 30 Chinese who live and work at the People's Republic of China legation do not feel threatened. Relations of Brasilia with Peking are considered "friendly and cordial" by embassy spokesman Hsiao Szu-Chin. The 1964 episode is considered "a thing of the past."

"Today this is a forgotten subject. We look only to the future, thinking only of the interests of our two countries." The spokesman's declaration mirrors the new law that governs the bilateral relationship: pragmatism.

Mutual Respect

Thanks to the Geisel administration's diplomacy of "responsible pragmatism," Brazil established diplomatic relations with the People's Republic of China. It was not without a touch of pride that President Geisel commented to the Chinese ambassador, Chang Techun, on 1 January last year, about Carter's decision to officially recognize Mainland China and establish diplomatic relations: "We did it first," said Geisel.

And today, nearly 6 years later, China is already the second largest Brazilian trade partner in Asia. Despite disagreement in the ideological field, the pragmatism of both diplomatic policies has led to a constantly increasing commercial exchange. "The principles of noninterference in internal affairs and respect for reciprocal interests established between Brasilia and Peking have been faithfully adhered to," noted a Brazilian diplomat. After all, the two countries are at a similar stage of development in many sectors and have discovered that they can "combine their know-how to help each other," as the Chinese desire.

Over half a dozen Chinese missions visited Brazil last year. Greater mutual understanding and some trade contracts have resulted from these contacts. We began to import more petroleum in exchange for iron ore. The trade balance, very onesided until last year, is now becoming more balanced with reduction of the Chinese deficit. Among the major items in our exports to China are soybean oil, cocoa, sugar and pig iron.

The trade agreement signed in January 1978 was the great stimulant to bilateral trade. It facilitates, for Brazilian exports, access to an extraordinary market coveted by all Western nations. Before the agreement there were no official standards to govern trade with Peking.

The internal struggles that followed Mao's death and China's self-containment until 1977 hampered the trade relationship. Once internal differences

were settled, the new Chinese government in 1978 began its ambitious plan of approaching the West and Brazil-China trade got off to a new start.

Trade, however, continued to be excessively unbalanced. In 1977, Brazil exported \$162.8 million and imported only \$423,000. The following year, with petroleum purchases arranged by then Mines and Energy Minister Shigeaki Ueki, the Chinese deficit decreased. From January to October of last year, Brazil exported \$102.8 million and imported \$61 million. Petroleum was the major item among Brazilian purchases.

Although not among the major producers--with about 780 million barrels a year--China has reserves of about 75 billion barrels, about one-third of those held by Saudi Arabia, which has the world's largest reserves. In this area, the Chinese mission that came to Brazil last year showed great interest in the Brazilian experience with risk contracts, which it may later adopt.

Next month, when the Joint Brazil-China Commission meets in Peking, there will be a discussion of Brazilian participation in planning one of the hydro-electric plants to be built on the Yangtze River. The Chinese program in this sector provides for investing \$35 billion and just one of the power plants will be twice the size of Itaipu. This explains the mission that came to Brazil especially to see the Brazil-Paraguay project on the Parana River.

The Brazilian delegation that will meet with Chinese authorities in Peking on 4 and 5 March will be headed by Minister Marcos Azambuja and composed of representatives from the Industry and Commerce, Agriculture, Mines and Energy, Transportation, and Finance ministries, as well as from SEPLAN [Planning Secretariat], CONSIDER [National Nonferrous Metals and Steel Council], IAA [Sugar and Alcohol Institute], PETROBRAS [Brazilian Petroleum Corporation], CVRD [Rio Doce Valley Company], Bank of Brazil, CACEX [Foreign Trade Department], COBEC [Brazilian Warehouses and Trade Company], ELETROBRAS [Brazilian Electric Power Companies, Inc], INTERBRAS [PETROBRAS International Trade, Inc], National Confederation of Industries (CNI) and Associated Brazilian Mining Companies.

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ITAMARATY SOURCES VIEW EXPANDED COOPERATION WITH MEXICO

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Mar 80 p 7

[Article by Laura Fonseca: "Brazil and Mexico Will Broaden Cooperation"]

[Text] Brasilia--The visit of Mexico's national defense minister, Gen Feliz Galvan, to Brasilia starting tomorrow and President Lopez Portillo's arrival in July are factors that, together with important results of the Brazil/Mexico Coordinating Commission's inaugural meeting last November, indicate the firm intention of both countries to finally go beyond the rhetorical phase of good relations and establish bases for actual and specific cooperation in the political, economic and military fields.

This information is from Itamaraty [Foreign Relations Ministry] sources who point out that the ministry is in the midst of preparations for Portillo's visit, considered very important because it is the first one he is making to a South American country. "We are not preparing new covenants and agreements to be signed but, rather, we are trying to identify reasons why innumerable bilateral documents have remained on paper without any specific action," one source revealed.

President Luiz Echeverria's visit in July 1974 produced a great number of cooperative agreements. In petroleum, PEMEX [Mexican Petroleum] and PETROBRAS [Brazilian Petroleum Corporation] promised to exchange technical assistance, research and effective collaboration in subjects related to refining, oil fields, basic and middle-level petrochemistry, oil terminals, tankers and pipelines. In the iron and steel sector, one of the most promising for bilateral cooperation, CONSIDER [National Nonferrous Metals and Steel Council] and the Iron and Steel Industry Coordinating Council of Mexico signed an agreement for broad cooperation. For reasons unrelated to the political desire to strengthen relations, which was being emphasized even before 1974, these agreements never had any results.

When President Ernesto Geisel went to Mexico in January 1978, a few more documents were signed, including a treaty of friendship and cooperation, a framework for understanding and a bilateral treaty creating the Joint Coordinating Commission, a body intended to meet annually to find the

effective means of action that were until then lacking. An inaugural meeting held in Brasilia between 12 and 14 November, with Mexican Foreign Minister Jorge Castaneda present, centered its work on the need to transform the veritable mass of bilateral papers into substantive reality.

The current political climate could hardly be more favorable to accomplishing this task. On the one hand, Mexico, whose economy has traditionally been closely linked to that of the United States, with new national wealth in the form of large petroleum reserves, is trying to diversify its trading partners, adopting a firmer position toward the United States and closer ties with Latin America. At the same time, Brazil, also reversing traditional positions of alinement, chose Latin America as its "number-one priority" in foreign policy and cooperative efforts.

Itamaraty sources point out that Mexico's new interest in Latin America is very beneficial because of its steadfast support for principles of non-intervention, self-determination and the need for a politically more integrated Latin America seeking economic cooperation based upon direct complementarity. Mexico advocates increased trade among Third World countries and combined efforts to exchange technology, form joint ventures and establish bases for industrial cooperation as independent as possible of industrialized countries. To implement this policy, it has an unbeatable trump: proven petroleum reserves of 40 billion barrels and probable reserves of over 200 billion barrels.

Petroleum, moreover, today represents the cornerstone not only of the Mexican economy but also of its domestic and foreign policy. At the domestic level there is much controversy between those who want to limit petroleum revenues to amounts the economy can readily absorb and those who prefer more abundant petroleum revenues because they contend that economic development would be greater in less time. The first group, which includes President Portillo and most of the government, points to the country's risk of becoming another Venezuela, where sudden injections of funds disorganized standards of investment and consumption. "Currently," they point out, "the Venezuelan government itself has changed its policy, establishing an annual petroleum production of 2.3 billion barrels, whereas it had reached a point of producing 6 billion barrels a year. Will we make the same mistake?"

The second group contends that the Mexican population is five times that of Venezuela and Mexican industrial facilities are much more developed, thus capable of absorbing more funds without disorganizing the economy. As of now, President Portillo has set annual production at 2.25 billion barrels, which may increase somewhat beginning in 1982. Because of geographical proximity, the United States is the natural market for most of the oil exported by Mexico. Portillo, however, wants to sell in conformance with Mexico's development needs and not with the energy requirements of the U.S. market.

During the coordinating commission's meeting, Itamaraty sources reveal, Foreign Minister Jorge Castaneda held out the possibility of increasing

petroleum sales to Brazil. In compensation there would be technological cooperation in some industrial sectors where Brazil is more advanced, especially the iron and steel industry and aluminum production. There are preliminary negotiations for establishing a pelletizing plant in Mexico using Brazilian iron ore and technology, as well as studies on exporting bauxite for producing aluminum.

Mexico began selling petroleum to Brazil in January of this year. Sales--20,000 barrels a day, an insignificant quantity--may increase to the extent that exportable surpluses increase and there is implementation of agreements for industrial complementarity which, should they be successful in the field of metallurgy, could be applied to production of equipment, vehicles, heavy industry and petrochemicals, Itamaraty sources explain. According to them, "there have been difficulties in beginning this economic cooperation but, in view of the interest already shown by private and public enterprises of both countries, there are specific possibilities of being able to carry out a program such as this. In this context, the coming visit of President Portillo to Brazil on 28, 29 and 30 July could act as a catalyst for this economic cooperation."

Bilateral trade is another item that does not reflect the rapid development of the two economies, having been \$420 million in 1979. Although small, Itamaraty sources point out that there was much progress, if we stop to consider that bilateral trade was less than \$70 million in 1972.

Itamaraty hopes that, as petroleum supplies increase, Mexico will be able to absorb more Brazilian goods to maintain a balance.

Unlike what is occurring in the economy, political relations between Brazil and Mexico have been close for many years, especially in joint action in international forums and in defense of Third World economic interests. As is the case with Brazil, which does not formally belong to any Latin American subregion, Mexico also represents an autonomous force, and is important for that reason. But Itamaraty comments that there is also room for improvement in the political sector, since Mexico has decided to eye the southern part of the continent and Brazil desires an integrated Latin America with influence on the international scene.

Within this framework, the two countries are trying to find a way to institutionalize a mechanism for high-level policy consultation that can meet regularly and be activated in case of political problems in the region. "It does not in any manner represent an intention to interfere in the domestic affairs of other countries. Mexico and Brazil are categorically opposed to intervention, even if beneficial or to defend democratic principles and human rights. What is sought is to formalize a consultation mechanism to freely exchange ideas and define positions in times of crisis and even when there is no specific need," Itamaraty sources explain. "The Brazilian government thinks it is essential for harmonious conduct of its foreign policy to learn without reserve the political thinking of all Latin American countries," these sources conclude.

RISK CONTRACT RATIONALE, ADVANTAGES, RESULTS SURVEYED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Mar 80 p 50

[Text] Rio de Janeiro--In a dramatic address to the nation on 9 October 1975, then President Ernesto Geisel announced establishment in Brazil of risk contracts for petroleum development, thus, in effect, breaking up the exploration monopoly held until then by PETROBRAS [Brazilian Petroleum Corporation] and establishing--for the first time since creation of the state enterprise--competition in techniques, costs, methods and efficiency.

A modern version of the earlier concessionary contracts characteristic for decades of petroleum exploration in the Middle East by foreign companies, risk contracts were repudiated by Geisel himself when he was president of PETROBRAS. In 1971 he even got into trouble with former Mines and Energy Minister Antonio Dias Leite, who favored the contracts and immediate opening of Brazilian subsoil to international oil companies.

Objective analysis of Geisel's radical change of position can provide explanations based upon internal and external causes. Among the former was the excessive delay with which PETROBRAS carried out its exploratory program, hampering determination of the nation's petroleum potential. Drilling of exploratory wells--intended to locate new deposits--was frequently interrupted by accidents that reduced the amount of drilling. The technical capability of PETROBRAS was highly questionable and it was not hard to find pockets of resistance that prevented application of new ideas and more effective techniques than were being employed by those who then had administrative responsibility for exploration.

Among external factors was the nation's inability to increase foreign-exchange expenditures on imports required for more exploration. Even if PETROBRAS, through a feat of magic, had been able to increase its technical staff and expand its equipment, it was not possible to add more dollars to the nation's search for new deposits. It thus became essential to find a formula that, while economizing foreign exchange, would bring greater effort to the search for the petroleum that was so slow in coming to the surface on land or on sea.

Risk contracts emerged as a means of salvation, or at least as an instrument to more rapidly assess the nation's petroleum potential, answering in the short run the question everyone was asking: After all, does Brazil have petroleum or does it not?

For a nation averse to consume petroleum, definition of its oil reserves becomes essential to establish one of the main bases for energy policy. Without knowing how much petroleum the nation can count on, it is virtually impossible to establish guidelines for the automobile industry, for petrochemicals and even for economic development, due to the petroleum industry's powerful linkages.

What Was Done

Exploratory activities by foreign oil companies in Brazil were begun with seismic surveys carried out by British Petroleum in the Santos Basin in February 1977. Shortly thereafter, in May, Shell and ELF began operating at the mouth of the Amazon.

After 3 years of operations, the risk companies show the following results: 52,450 kilometers of seismic lines were surveyed and processed at a cost of about \$20,625,000 and 27 wells were drilled, 15 of which were in the Santos Basin (4 by British Petroleum, 5 by Pennzoil, 3 by the Pecten/Marathon/Union/Enserch, Pecten/Marathon and Pecten/Chevron/Marathon groups and 3 by Esso) and 12 in the basin at the mouth of the Amazon (5 by Esso, 3 by Shell, 2 by the ELF/AGIP [National Italian Oil Company]/Canam/Norcen group, 1 by Hispanoil and 1 by the Cities/Union group). Two wells are now being drilled in the Santos Basin: 1 by the Pecten/Marathon/Union/Enserch group and the other by Esso.

The finished wells and those in process totaled 113,794 meters drilled, at an overall cost of about \$282.5 million. These expenditures represent those PETROBRAS would have to face if it were doing the exploratory work directly. According to the risk contracts in force, that amount is entirely the responsibility of the foreign companies, without any future compensation, inasmuch as the wells did not result in commercial discoveries.

Of all the wells drilled, several of them showed indications of oil or natural gas without commercial interest. One of the most significant results to date was obtained by British Petroleum in Well 1-SPS-9, which, although not commercial, revealed for the first time conditions for hydrocarbon generation in the Santos Basin. Esso had another important outcome, also in the Santos Basin, in Well No 1-SPS-6, which had an oil flow that reached the surface. In the same area, the Pecten/Chevron/Marathon group, in Well No 1-SCS-6, recovered very light oil and gas, although the well was classified sub-commercial.

SUPLEX Says Risk Contracts Already Show Results

In summarizing results of the risk contracts, the PETROBRAS Superintendency of Exploration Contracts (SUPLEX), responsible for negotiating contracts and monitoring their execution, points out that "results obtained thus far have been significant." To support this statement, SUPLEX points out the following facts: 403,705 square kilometers placed in the first three bidding rounds were evaluated by various foreign companies, with the result that 263,130 square kilometers were considered to have secondary prospects because they received no proposals, whereas 140,575 square kilometers received 55 proposals and continue to be tested by exploratory wells.

PETROBRAS has held four international bidding rounds, the latest of which, in September 1979, covered 123 tracts with a total area of 1,208,378 square kilometers. The first three bidding rounds resulted in 49 contracts, of which 32 involved contractors consisting of 18 foreign oil companies, alone or in association, and 17 contracts with the consortium set up by the Sao Paulo Electric Company (CESP) and the Technological Research Institute of Sao Paulo (IPT).

Companies Pleased With Risk Contracts

"The risk contracts are excellent and PETROBRAS is helping our work because we are pursuing the same objective," asserts Hary Bhat, president of BRASELFA, subsidiary of the French ELF-Aquitaine company, contracted to develop petroleum in Brazil. His opinion is seconded by the general manager of British Petroleum do Brasil, Brian G. Williams, who feels PETROBRAS is now doing all it can and couldn't be more helpful to foreign companies.

Foreign oil companies participating in risk contracts always bid in succeeding rounds held by PETROBRAS, especially because risks are now less due to adopting contracts with an option clause for drilling. So much so that ELF-Aquitaine is negotiating with PETROBRAS an area left over from the third round, this time for the Santos Basin, although its two previous contracts have been for the mouth of the Amazon and for the onshore Amazonas Basin. Its reason is simple, says Hary Bhat, relying on a French saying: "Don't put all your eggs in one basket." But British Petroleum is now thinking differently. According to Brian Williams, the company prefers to concentrate its investment in only one basin, having obtained two tracts in the Santos Basin.

British Petroleum was the first risk-contract participant to find indications of petroleum, in 1978 in the first well drilled in the Santos Basin. Even before drilling reached the most favorable zones, however, news of discovery of a large deposit by BP [British Petroleum] caused a rise in PETROBRAS stock, leading to an investigation by the Equity Shares Commission. The company considered the area quite promising, so much so that it has been the only one thus far to retain 50 percent of the tract for over 1 year, being compelled to return the rest of the area by November 1980 should it not find petroleum there.

Reasons

Brian Williams revealed that British Petroleum already knew something about the geology of Brazil even before participating in the risk contracts, through publication in foreign journals of articles about the continental shelf written by PETROBRAS experts. The risk contracts aroused interest all along the coast, especially now, with complete access to deep water. The country's political stability also helped attract foreign oil companies, according to the British Petroleum representative.

Harry Bhat even explains ELF-Aquitaine's presence in Brazil by showing a letter sent to the Brazilian embassy in France. The document emphasizes that Brazil, despite its considerable but not insoluble financial difficulties, has enormous development possibilities. "It was the first country to begin developing nonconventional energy sources, and within 10 to 12 years it should achieve energy independence. Since the supply of energy is directly linked to economic development, Brazil in 20 years will be one of the great world powers," the document points out.

Harry Bhat attributes opening of the whole coastline to the fact that the water is deep, since, unlike PETROBRAS, the foreign companies have considerable experience in this work. Optimistic about the favorable prospects for petroleum exploration in Brazil, since, in his opinion, the sedimentary basins have not been explored very much, Bhat mentions some difficulties. The first is of a technical nature since the rocks are covered by a layer of basalt, very hard to drill and which for this very reason distorts the results of seismic studies.

However, with the advance of technology and new geophysical methods, in the Amazon region at least it is now possible to get information about the rocks under the basalt. And this fact opens up a new era for oil exploration in the Amazon region. According to Harry Bhat, the Jurua well in Middle Amazonas became historically important not through the mere fact that gas was discovered, but because it made possible a discovery based upon geophysical information obtained by a new method.

Just as the PETROBRAS exploration director, Carlos Walter Marinho Campos, the director of the French company also supports the theme of "new ideas in old places." He bases his position on the example of the United States, where each basin underwent successive phases of development each time that new exploration methods emerged. Texas, for example, went through 10 periods of exploration and Wyoming has had 7.

Harry Bhat thinks there should be a lot of oil in the Amazon region because, according to ideas he supports as a geologist, the region anciently formed a large gulf, similar to Alaska and Libya, with excellent paleographic position.

Contracts

Bhat asserts that the wells drilled by BRASELFA are the least expensive of those drilled by the risk companies, although, like the others, the minimum investments have been surpassed. He said it has always been lucky in drilling, in addition to having an excellent technical staff that uses the best technology available.

In the first tract acquired in the first bidding, at the mouth of the Amazon, ELF-Aquitaine, in association with the Italian AGIP firm, completed two wells, where it invested \$16 million, which is twice the required minimum investment. But the area turned out to be dry and was returned. In the third round ELF had an onshore tract to the south of Manaus, near the town of Borba, with 8,000 inhabitants. With minimum investment of \$7.5 million required, the contract was signed with a drilling-option clause.

Besides the Santos Basin tract whose contract was renewed for 1 year, after returning 50 percent of the area, British Petroleum obtained two tracts in the second round. In the first contract the company invested \$20 million, for a required minimum of \$10.5 million. In the second round the minimum investment of \$10 million for each tract also has been surpassed. In the third round British Petroleum did not manage to get the tract it wanted, the identity of which is being kept secret by Brian Williams.

The BP general manager revealed that his contract does not have an option clause for payment in petroleum, as do ELF contracts. However, Hary Bhat does not have many illusions about receiving petroleum. "It is only a theoretical clause," he said. "First we must find petroleum so that we may later look at the matter of payment."

PETROBRAS Has New Working Philosophy

New concepts in petroleum development, new working philosophies, exchange of know-how and technical data obtained in nationwide exploration, instilling a competitive spirit beneficial to PETROBRAS itself--these are the main advantages brought by the risk contracts, according to geologist Lauro Pereira Vieira of SUPEX (PETROBRAS Superintendency of Exploration Contracts), agency created especially to administer the contracts.

In the exploration area, the major contribution from foreign companies, according to Lauro Vieira, was the search for reserves at greater depths than those made by PETROBRAS prior to their arrival. This occurred in the Santos Basin especially, where drilling has reached 5,600 meters, a depth until then neglected by PETROBRAS because its engineers felt that there would be little likelihood of finding commercially usable reserves at depths below 4,000 meters.

The SUPEX superintendent thinks this philosophy has decisively influenced the PETROBRAS technical staff in the sense that oil could be found at 5,000

meters, even in regions where previous drilling did not go that deep. And this influence is now visible at the mouth of the Amazon, where PETROBRAS began to drill more deeply, having already found indications of oil from Para Submarine Well No 9 (1-PAS-9), now being studied to see whether or not the deposit is of commercial interest.

Another important influence of the contracts, in Lauro Vieira's opinion, was use of very advanced seismic technology from the international market to decide how deep to drill. Esso did this in its exploration of the Santos Basin, he said.

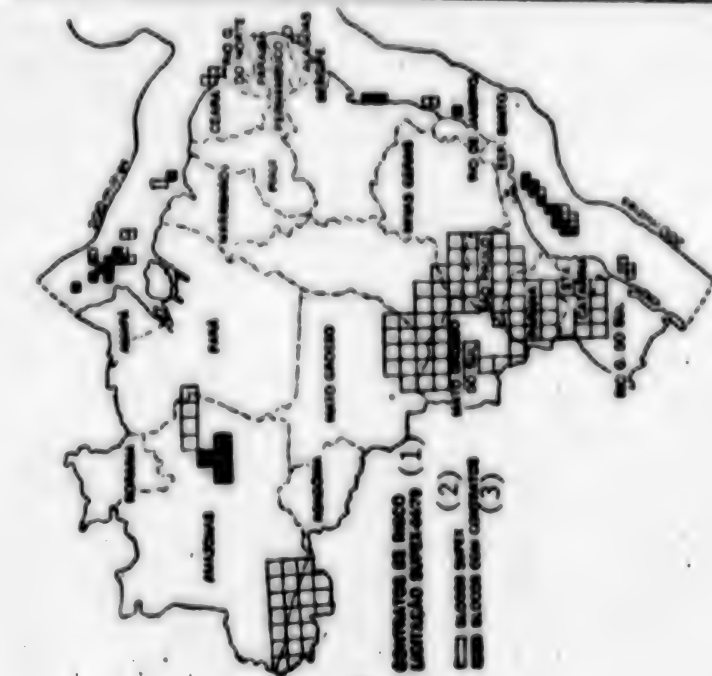
Vieira also mentioned a great contribution brought by British Petroleum in Santos Basin exploration. It introduced a new strategy of drilling wells on the sides of salt domes, "more rapid and more economical" than what was being used previously in Brazil.

Even though all the wells drilled by the risk companies did not result in commercial discoveries, they helped develop exploration models that could result in petroleum deposits, even in the basins they had explored. According to the SUPEX superintendent, this is another advantage to PETROBRAS of the risk contracts.

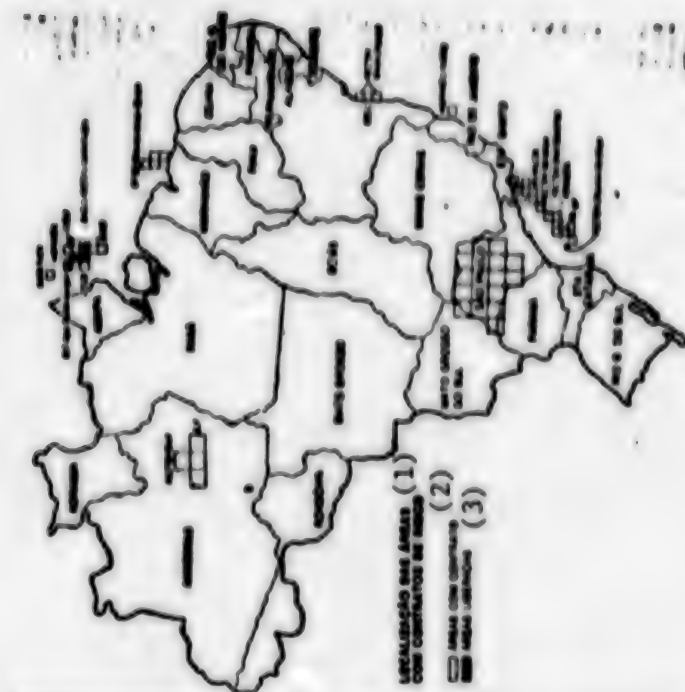
To the extent that foreign companies participate in exploration efforts, moreover, PETROBRAS can concentrate on areas it considers of greater potential for petroleum generation and production.

The SUPEX superintendent assures us that the contracts have retained their basic structure, since the innovations introduced only reflected the need to specify certain aspects that were making trouble for the system. In reference to production, for example, it was decided that PETROBRAS could not adopt the policy of "turning off the spigot"; that is, working the reserve below its real productive capacity.

Another refinement in the contracts concerns defining the reserve's commercial value. PETROBRAS will no longer have the last word, as had originally been specified. The foreign company will say whether or not the field is of commercial interest. But if the contractor's definition is incorrect, it will be responsible for the operation's losses and PETROBRAS will not have to pay part of the production.



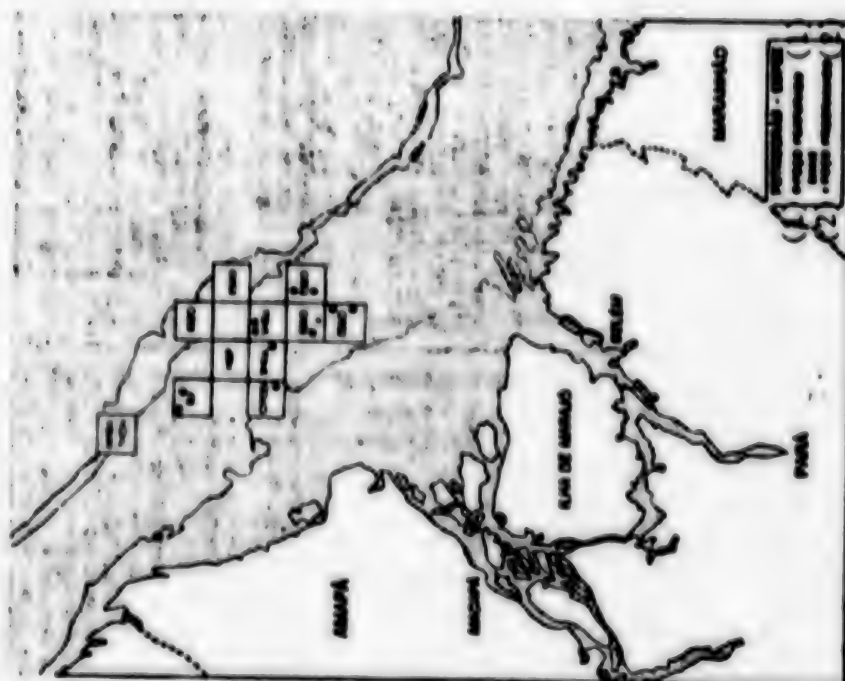
- Key:
1. Risk Contracts, SUPEX Bidding, April 1979
 2. Tracts Offered by SUPEX
 3. Tracts with Contracts



- Key:
1. Location of Areas with Risk Contracts
 2. Areas with Contracts
 3. Areas Released

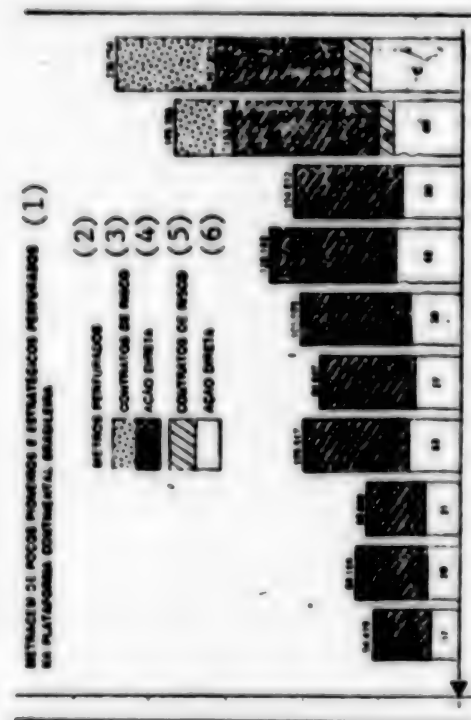


- Key:
1. Drilled well (noncommercial)
 2. Drilled well (dry)
 3. Well now being drilled
 4. Planned well



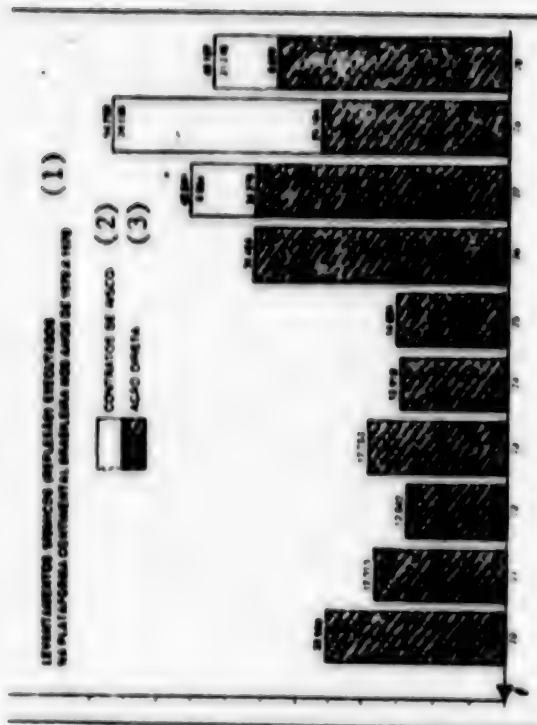
- Key:
1. Drilled well (dry)
 2. Planned well

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Key:

1. Number of meters of exploratory and strategic wells drilled on the Brazilian continental shelf
2. Meters drilled
3. Risk contracts
4. Direct action
5. Risk contracts
6. Direct action



Key:

1. Seismic (Reflection) Soundings Made on the Brazilian Continental Shelf, 1970 through 1979
2. Risk Contracts
3. Direct Action

BRAZIL

ESTIMATES OF OIL IMPORTS GIVEN FOR 1980

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Mar 80 p 45

[Text] Rio de Janeiro--The PETROBRAS [Brazilian Petroleum Corporation] will import 360 million barrels of oil this year--1 million barrels a day, already fully guaranteed by the contracts in effect. This supply will be provided by 13 different countries, in addition to the domestic production which will exceed 200,000 barrels per day this year, the technicians at that state enterprise anticipate.

PETROBRAS estimates that it will spend about \$12 billion U.S. on oil imports in 1980. If the present average price of \$27 U.S. per barrel is maintained, a prospect regarded as rather unlikely, the expenditure would not exceed \$10 billion U.S.

However, the PETROBRAS experts believe that a reduction of 10 percent in the consumption of oil byproducts will occur, a tendency which is seen throughout the world. If this hypothesis comes about, the country would spend about \$1 billion U.S. less on oil imports.

The main supplier of oil to Brazil continues to be Iraq, currently exporting 630,000 barrels per day. Of this total, 160,000 barrels are involved in payments for the discovery of the Majnoon fields by BRASPETRO [overseas operations branch of PETROBRAS]. Beginning in March Iraq will supply only 400,000 barrels per day, 240,000 on the base contract and the balance for Majnoon, an arrangement which will extend for 13 years. Iraqi oil prices range from \$24.65 to \$26.18 U.S. per barrel.

The other contracts with suppliers are for 1 year, thus guaranteeing the supply for 1980. The largest supplier after Iraq is Saudi Arabia, with 200,000 barrels per day. It supplies 3 types of oil ranging in cost from \$23.17 U.S. to \$24.00 U.S. per barrel.

Except for these two large suppliers, imports are diversified, with a number of countries accounting for a small volume each. Kuwait sells 80,000 barrels per day at \$25.50 U.S. per barrel, followed by Iran, with

60,000 barrels. Venezuela supplies 50,000 barrels per day, including 5 types of oil with prices ranging from \$16.60 U.S. for the heaviest oil to \$27.37 U.S. Then comes Nigeria, with 40,000 barrels per day at a higher price--\$29.80 U.S.

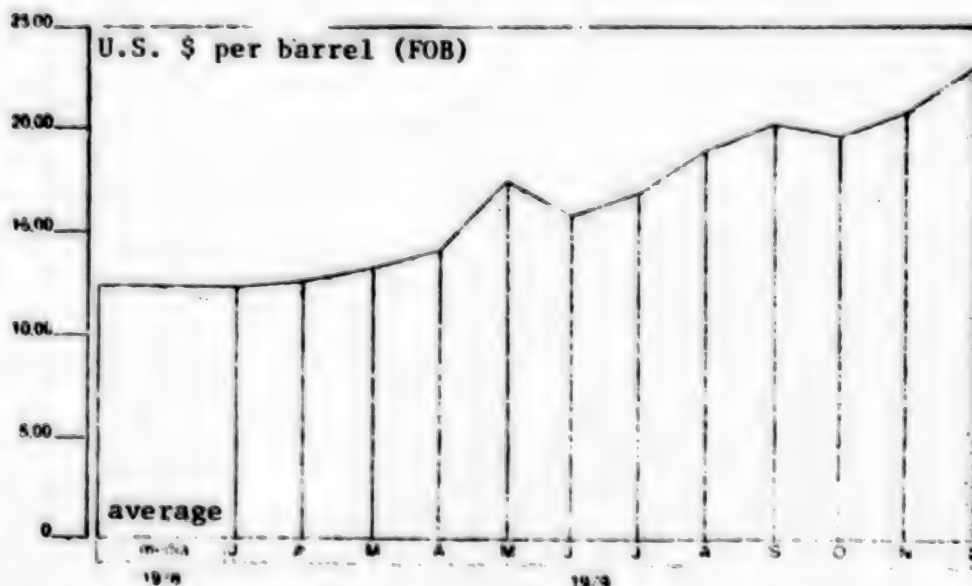
Libya, Qatar, Abu Dhabi and Mexico supply 20,000 barrels a day each, at the highest market prices--\$32.12, \$27.42, \$27.36 and \$30.00 U.S. respectively. The contract with Algeria calls for 10,000 barrels per day at a price of \$33.00 U.S. per barrel, which is thus the second-highest price.

Other contracts are being re-negotiated with Angola, the Congo, Gabon and the neutral zone, supplying in all 68,000 barrels per day.

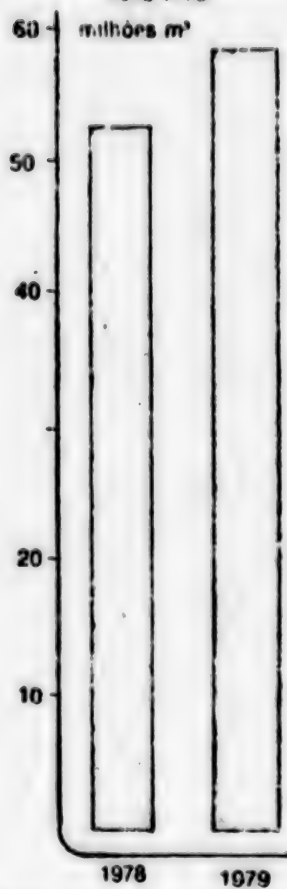
The reduction of the Iraqi supply to 400,000 barrels per day beginning in March represents no threat to the country's oil supply. Additional imports at the beginning of the year were made to replace stocks which were below the level regarded by PETROBRAS as ideal, i.e. enough for 60 days.

In 1980, PETROBRAS expects to increase its production from 14 to 17 percent, thus exceeding the promised 200,000 barrels per day, as compared to 184,000 in 1979. The reserves have already shown a growth over the last year of 10 percent, increasing to 1.25 billion barrels.

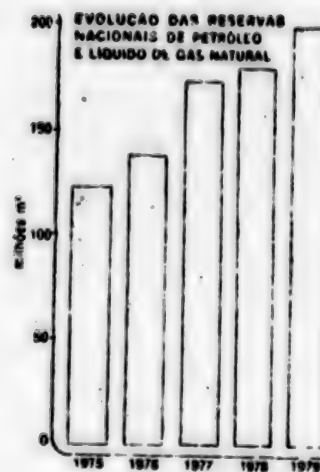
Average Import Prices 1978-1979



IMPORTAÇÃO DE PETRÓLEO
1978-1979



1978-1979 Oil Imports in
Millions of Cubic Meters



Development of Domestic Oil and
Natural Liquid Gas Reserves

5157
CSO: 3001

BRAZIL

IBC FORECASTS 21 MILLION-SACK COFFEE CROP IN 1980

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Mar 80 p 48

[Text] The IBC [Brazilian Coffee Institute] predicts a coffee harvest totaling 21.2 million sacks this year. That autonomous body believes that the harvest may increase to as much as 30 million sacks in the coming years, if losses caused by frost, like that in July of 1975, the most serious in recent years, do not occur. The producers' estimates--between 17 and 18 million sacks--are rejected by the IBC. The experts at the institute claim that the main characteristic of the IBC harvest estimates is that they are based on rather strict statistical sampling models which, in recent years, have yielded estimates almost entirely confirmed by the actual harvest figures.

The first coffee harvest estimate for 1980-81 was completed in November of last year, and will be followed by another this April, regarded as having a lower error margin, and thus the basis for the marketing policy. According to the completed study, Parana will produce 4.3 million sacks (it reached 10 million prior to 1975), Sao Paulo 8.1 million, Minas Gerais 4.4 million, and Espirito Santo 2.5 million sacks, with 900,000 sacks accounted for by the other northeastern states with limited production.

Coffee Planting

The present plantings of coffee in Brazil for productive purposes come to 2 billion 669 million trees, as compared to the total reached last year of 2 billion 632 million. Based on the productive capacity of these coffee trees, the IBC expects a harvest, beginning next July, of 21.2 million sacks.

According to the technicians in the Executive Group for Rationalizing Coffee Growing (GERCA), the harvest this year will be sufficient to meet the export needs, assessed at 15 million sacks, along with the domestic consumption demand of approximately 6.5 million sacks.

However, in view of the prospects for an increase in exports in the years to come and the increase in domestic consumption as well, the IBC believes that a harvest of 30 million sacks could be achieved, with a total planting

of 3 billion 442 million coffee trees--almost 1 billion more than the number currently serving for productive purposes.

This possibility is regarded as relatively viable, provided that the productive zones are not affected in the coming years by frost such as that which occurred in 1975. Reestablishment of higher levels of coffee production is also regarded by the GERCA technicians as the result of the policy of improving coffee plantings with the use of more modern methods of cultivation, agricultural protective agents and plant varieties resistant to rust and other ailments which often attack domestic coffee plantings.

Coffee Growers' Estimates

The coming coffee harvest will range between 17 and 18 million sacks, according to the estimates of coffee growers and brokers. Broker Marcio Tavares de Menezes, of Marrekinho, for example, with offices in all the main coffee-producing zones in the country, believes that the estimates currently represent three levels. "The pessimists, representing the farm sector, estimate the harvest at 12 million sacks. The optimists, represented by the IBC, foresee 21 million. And finally, in the middle, which seems more reasonable, there are those whose estimate is 17 to 18 million sacks."

Oripes Gomes, a member of the advisory board of the IBC and president of the Mandaguari Coffee Growers Cooperative, believes that the domestic harvest should range between 16 and 18 million sacks. Concerning the fact that this estimate is not in line with the IBC assessment, Oripes Gomes believes that the inconsistency is due to "errors" in the estimates made in Sao Paulo.

"In Sao Paulo," he said, "the harvest estimate is up to the secretariat of agriculture, which does not have the developed survey methods the IBC does."

He said that in 1979 the freeze affected more than 30 percent of the coffee plantings in Sao Paulo and, despite this, "the IBC estimated a harvest of 8 million sacks for Sao Paulo, the same as the harvest here last year."

"Now then," he asked, "if the freeze affected the harvest, how could the total be the same?" As he sees it, the harvest in Sao Paulo will not exceed 5.5 million sacks, that in Minas Gerais 4 to 4.5 million, that in Espirito Santo 2.5 million, and that in Parana 3.5 million. The estimate made for Parana by Oripes Gomes is the same as that of Marcio Tavares of Marrekinho. The secretariat of agriculture in Parana, however, foresees a harvest of between 3 and 4 million, below the initial estimate of 4.3 million based on IBC data.

The technicians in the secretariat of agriculture in Parana point to various reasons for the reduction, including the decrease in the number of plants set out, which dropped from 853 million in 1979 to 700 million this year, as well as factors such as the freeze in May and June of last

year, which substantially affected the coffee plantings. Last year, an excessive fall of fruit was also seen, which will influence the harvest. Another reason is the limited use of protective agents against rust throughout Parana.

In Minas Gerais, the frosts and cold winds in May and June of last year, aggravated by a reduction in the treatment of crops and the high cost of fertilizers and manpower, are given by the coffee growers as the reason for the production of 3.5 or 4 million sacks, while the coffee plantings in Minas Gerais have a production capacity of 8 million.

The estimates of the national harvest by the producers almost coincide with the estimates made by Santos exporter Bruno Sabia, of Intercoffee. His estimate is 18.5 million sacks. Sabia's estimates by state include 6 million sacks for Sao Paulo, 5 million for Minas Gerais, 4.5 million for Parana, and 3 million for all other producers.



Coffee Harvest Estimates in Millions of Sacks

Key:

1. Other states: producers--0.9 to 1.4; IBC--0.9
2. Total: producers--17.1 to 18; IBC--21.2
3. Mato Grosso: producers--0.3
4. Minas Gerais: producers--3.5 to 4; IBC--4.4
5. Espirito Santo: producers--2.5; IBC--2.5
6. Parana: producers--3 to 3.5; IBC--4.3
7. Sao Paulo: producers--5.5 to 6; IBC--8.1

5157

CSO: 1001

BRAZIL

BRIEFS

IMBEL BUYS CBC--Rio de Janeiro--The IMBEL [War Materiel Industry], a state enterprise for the development of the domestic armaments industry, has purchased the Brazilian Cartridge Company (CBC), according to reports in military circles, in order to expand the complex of factories it already controls. The CBC is a part of the Remington group, and apart from being the largest munitions factory in the country, it also produces rifles and other light weapons. The details of the transaction will probably be kept secret, as has been the case with all of the transactions effected by the IMBEL. [Text] [Sao Paulo FOLHA DE SAO PAULO in Portuguese 1 Mar 80 p 17] 5157

SOCIALIST YOUTH GATHERING--Porto Alegre--Various groups of socialist young people from countries in the Southern Cone will meet in this capital city from 21 to 23 March to discuss political matters pertaining to their respective governments and human rights, among other things, it was announced yesterday by Calino Pacheco, of the Studies and Discussion Association of the PTB [Brazilian Labor Party]. There will be two representatives each from the youth sections of the following organizations: Argentina--Unified Socialist Party, Popular Socialist Party, Radical Party; Bolivia--National Revolutionary Movement of the Left and Movement of the Revolutionary Left, both members of the Popular Democratic Union; Chile--Socialist Party and Radical Party, both participants in the Popular Unity movement of the Salvador Allende government; Paraguay--Febrerist Party; and Uruguay--Socialist Party in Exile, a part of the Broad Front. Also, the National Party of the People in Jamaica has been invited to participate, as has the Venezuelan Movement Toward Socialism (unconfirmed). [Text] [Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Feb 80 p 6] 5157

CSO: 3001

CHILE

EXILE UP LEADER LABELS NEW CONSTITUTION 'FASCIST'

East Berlin HORIZONT in German Vol 13 No 10, 1980 signed to press 3 Mar 80
pp 25-26

[Article by Sergio Insunza, president of the "Antifascist Chile" office in the GDR, former justice minister of the Chilean Unidad Popular government: "Concerning the Draft of a Fascist Constitution for Chile"]

[Text] Chile is facing a new danger: In addition to permanently maintaining the state of occupation which has lately been referred to as an "emergency situation," to murders on order, arbitrary arrests, kidnappings and torture, and the suppression of fundamental human and civic rights, there now comes the intention of the Pinochet junta to institutionalize the fascist dictatorship in Chile's Constitution. Since October 1978 there has been a new draft constitution in Chile, prepared by a commission appointed by Pinochet on his instructions. By this constitution one means to throw completely overboard what there had yet remained of bourgeois democracy from the 1925 Constitution which has already been completely torn to bits by junta decrees.

Outlawing Citizens for Their World-Outlook

Under the pretext of protecting some obscure "institutional order of the republic," article 1 in the draft constitution stipulates that citizens advocating "conceptions of society inspired with the encouraging of social antagonisms" be placed under restraints in the exercise of their civic, political and socioeconomic rights. Among the proscribed acts, according to the draft, are the "spreading of doctrines that constitute an attack on the family or propagate violence or a conception of society, the state or the legal order that is totalitarian or based on the class struggle." Political organizations, movements or parties advocating such goals are to be declared unconstitutional, according to article 8, "because of their goals or the activity of their members in pursuit of such goals."

Communists and other democrats seeking a progressive transformation of the capitalist social order and the elimination of any suppression and exploitation--quite apart from their being arbitrarily identified with ultra-leftist terrorists and anarchists--are thus prevented from taking part in public life solely on account of their world-outlook (Article 8):

They are barred from any public function or public office for 5 years, "regardless of whether or not they were popularly elected."

For the same space of time they may be given "no executive functions in educational organizations, neighborhood associations and trade unions."

They are barred from the voting right for 5 years and thus cannot be elected deputies or senators.

For 10 years they may not exercise any "functions associated with instruction" in educational institutions nor such as are associated with the "broadcasting or disseminating of opinions and news" in the mass media.

The draft constitution contemplates that these restraints also be placed on citizens who have already in the past infringed the "institutional order of the republic." That would not only violate the universally recognized principle of proscribing any retroactiveness, but it also would make it possible to haul before the prosecuting authority of the constitutional court any Chilean citizen who during recent decades took part in the country's sociopolitical development in a manner deemed a nuisance by the Pinochet junta.

The outlawing of citizens solely for their progressive world-outlook is to be written into law forever as far as the Pinochet junta is concerned. To achieve that, the draft constitution bars the only possible way to change the system, that is, constitutional reform. To that end, article 122 section 2 of the draft says: "Inadmissible is the presenting of any draft for a constitutional reform intending to legitimize those attitudes declared illegal and directed against the institutional order of the republic in article 8 of the constitution." Sanctions imposed by the constitutional court likewise are to be unalterable: Constitutional reform aiming to mitigate the sanctions set down in article 8 is barred.

Perfecting the System of Suppression

The draft constitution, in articles 44 through 46, defines a number of "emergency situations" that are meant to explain the "emergency constitutional condition" with its restraints on civic rights and freedoms in its train.

Among the new legal grounds for proclaiming such a state of emergency mentioned is "internal war." This means to write into constitutional law the thesis of the "endangerment of national security by internal enemies," which has been practiced by the Pinochet junta from the very first day of the military coup with devastating consequences for the life and freedom of untold Chilean citizens.

By proclaiming a state of emergency, the National Security Council goes into action. This then gives the military the power of decision over constraining the citizens' constitutional rights and freedoms. Contemplated are, among

other things, constraints on the freedom of movement, the possibility to keep citizens imprisoned in their apartments or elsewhere, the cancellation or limitation of the freedom of opinion and information and of the right of assembly, constraints on the right of affiliation and of the trade union rights, mail censorship and censorship of the mass media.

Constitutional litigation against measures taken in the case of the state of emergency is outlawed. The draft constitution stipulates that "in no case are the courts authorized to give an opinion on the grounds for measures taken by government authorities in exercise of their competencies." This constitutes the absolute denial of the generally recognized right any arrested citizen has to be placed before a court so it can check the legitimacy of the arrest and whether or not it should be continued.

The situation of "internal war," furthermore, prevents the possibility to appeal to the Supreme Court against arbitrary acts by the military courts because according to article 85 section 1 in the draft, military courts are no longer accountable to the Supreme Court in "war times."

Trade Unions Under Political Tutelage

The draft constitution declares the exercise of a trade union function incompatible with membership in a political party and, under the threat of sanctions, forbids trade union organization functionaries to take part in political activities (article 28 section 1 and 2, article 19 figure 18). Furthermore, citizens in an executive trade union function are prevented from being elected deputies or senators, irrespective of their organization being for cultural workers or an industrial, labor or students organization (article 60 figure 6, article 30).

In this fashion the draft constitution forbids the trade unions and their functionaries to take part in any matters that are of general interest to the nation and confines their activity to merely representing the working people vis-a-vis the enterprises.

To make the political disfranchisement of the trade unions complete, the draft proposes (article 28 section) that all leaders of political parties who influence the activity of trade union organizations have to be punished.

Deputies and senators may be deprived of their mandate if they bring any influence to bear in favor of the working people or lodge a complaint from them with government organs or justice authorities in proceedings or litigations on labor matters, both in the public and the private sectors (article 63 section 4).

In case of labor conflicts, the draft constitution proposes mandatory arbitration proceedings before a special "court of experts" (article 19 figure 15). The decisions by that organ, about the organization and working methods of which nothing is known yet up to now, are binding on both parties in litigation. This mandatory arbitration procedure does in fact deprive the trade unions of the right to strike.

Thus the draft is in line with a directive Pinochet had handed the constitutional commission. On 12 November 1977, EL MERCURIO published a letter from Pinochet with "recommendations" to the commission which, among other things, say: "Abolition of strikes as the valid means for settling labor conflicts and substituting for them forms that ensure fair solutions by the courts of experts making decisions of legal authority."

The draft constitution explicitly prohibits strikes of government employees and of persons working in public services and, among other things, in enterprises the shutting down of which would harm the country's economy or national security. This ultimately hands over to the military powers the decision on whether or not a strike be authorized.

Banning Political Parties

The 1925 Constitution guaranteed all citizens the exercise of political rights and bestowed on political parties the character of juridical persons of public law. Parties were free to create the forms of organizations as they saw fit, announce declarations of principle and programs, put up election candidates, maintain means of communication--in short: develop their own political activities.

The new draft constitution contains no such guarantees. It confines itself to leaving the rules on the activity of political parties to the law. This omission is in conformity with the persecution campaign the military junta unleashed against the political parties from the very first day of the coup:

By law decree No. 77 of 8 October 1973 already, the Pinochet junta had outlawed the political parties united in the Unidad Popular and confiscated their assets "in fulfillment of its mission to eradicate Marxism in Chile." Also declared illegal at the time were "all units, groups, factions and movements espousing the Marxist doctrine or, through the objectives or the conduct of their members, substantially conformed to the principles and goals of said doctrine."

By law decree No. 1697 of 11 March 1977, the junta dissolved all political parties and all units, groups, factions and movements political in character that had not been listed in law decree No. 77.

What role the military junta would impose on any possible new political parties was explained by Pinochet in his 18 March 1977 speech: "The point is to clear the way from the view of the previous political parties which to such a large degree facilitated the penetration by Marxism to a new conception of the political parties where they would merely amount to currents of opinion. That means giving up the idea that the parties were juridical persons of public law which--further favored by election provisions that virtually allow them to monopolize the elections and the citizens' political participation in them--would turn them into enormous power apparatuses."

Pinochet thus only wants parties all brought in line that would unconditionally agree with the fascist policy of the junta because political organizations and parties that advocate "a conception of society, the state or the legal system based on class struggle" are, as it is, to be declared illegal according to article 8 of the draft constitution.

Military Dictatorship To Be Eternalized

The draft constitution concentrates political power in the armed forces, especially the National Security Council (article 102). Of the nine voting members of that organ, five--the absolute majority--are the supreme commanders of the armed forces. They can control what the National Security Council will do and enforce all the rules the military want.

Among the functions of the National Security Council (article 108), two are of crucial importance to the exercise of political power:

The first one is the "national task" resolution. This document, to be in force for 10 years, lays down in detail all the planning for the political, economic and general social development of the country. The conceptions of Pinochet's military junta are thereby given the rank, as they have been, of general state policy.

The second function is that the National Security Council will make "its standpoint prevail with regard to facts, actions and affairs which, in its view, might harm national security" in dealing with any government authority the constitution provides for (article 100). A government authority confronted with the standpoint of the National Security Council will obviously have no other way but compliance. Otherwise it would endanger "national security." That in turn would infringe the constitutional duty to ensure "national security" and would thus be anticonstitutional.

What is meant by "national security" is explained neither in the draft constitution nor in any other regulations. Thereby it is left to the consideration of the National Security Council--or to the five supreme commanders of the armed forces, it being the same thing--to determine the content and scope of "national security" as it sees fit. Ultimately it means the military junta can intervene in the activity of any government authority under the pretext that a fact, action or affair endangered "national security."

For the rest, the president of the republic, according to article 43 section 3, is empowered to proclaim a state of emergency, with concurrence from the National Security Council, and thus to restrict the constitutional rights and freedoms when "national security," indeterminate in its scope, is considered to be endangered.

The draft constitution gives the president of the republic more far-reaching powers than the 1925 Constitution did. Now, for instance, he gets the power to issue decrees in all areas that do not explicitly fall under congressional

law (article 66). The possibility that congress might grant the president legislative authorities in additional areas further confines the action radius of congress, small as it is.

It might be concluded from what has been said here that the draft constitution, as Pinochet claimed in his 6 April 1979 speech, for instance, "seeks to strengthen the presidential system solidly." But actually--as shown by the extensive powers given the National Security Council--the only real political power is in the hands of the armed forces. Under their control and dependent on them alone can the president of the republic exercise his functions.

To the extent that the president is given new competencies at the expense of congress, it further facilitates the armed forces' exercise of power because it is simpler to impose the will of a military junta on a person than on the whole body of the congress.

These few remarks are sufficient to show that the new constitution by the grace of Pinochet still further curtails the citizens' democratic rights and political freedoms and abolishes the principle of the people's sovereignty through cementing the political power of the military. Such a repressive, anti-people and antinational constitution is, however, fascist by nature. Resolutely to oppose that design and to unmask it before the world audience therefore is the declared intention of all Chilean democrats and patriots.

(From: NEUE JUSTIZ, Berlin, No 10, 1979).

5885

CSO: 2300

ALLEGED NICARAGUAN PLOT TO KILL CARAZO UNVEILED

San Jose LA REPUBLICA in Spanish 27 Feb 80 p 9

[Text] A plot by the Nicaraguan Reconstruction Junta to physically eliminate President Rodrigo Carazo, his family, other Costa Rican officials and Nicaraguan diplomatic representatives accredited in San Jose was called "novelesque" by Public Security Chief Juan Jose Echeverria.

"Individuals in the Costa Rican underworld, identified as the deceased Rafa Loco, Chino Ajoy and Betancourt y Teja, apparently received money to carry out orders issued by the Nicaraguan Reconstruction Junta which was attempting to eliminate enemies of the revolution."

So says part of the document received at LA REPUBLICA and signed by one A. Alvarez, who alleges that he was hired to eliminate President Carazo, his family, military officers Carlos Solano and Captain Ortiz, Nicaraguans Edelberto Torres, ambassador to Costa Rica, Sandinist Front Maj Alejandro Martinez Saenz, Eduardo Morales, Leonel Cabezas, Ramon Salaverri, Fernando Chamorro, Carlos and Alejandro Urcuyo Barrios, Edmundo Chamorro, Bosco Arana, Fernando Aguero and Costa Rican Plutarco Elias Hernandez.

The document added that Alvarez met in Managua with majors Eden Pastora and Daniel and Humberto Ortega Saavedra, who spoke to him about the physical elimination of several enemies of the revolution.

He received precise orders to go to Costa Rica and meet with an official named Trejos of the Nicaraguan Embassy, who would indicate to him the persons who were to die and then he was to sabotage Maj Alejandro Martinez.

Regarding this document, Echeverria Brealy said: "I think it is a fantasy. There is no reason to treat it seriously. People can say many things. There is one thing people do not do: act stupid. The way the charge is made, I do not give any credibility to this document."

Echeverria felt that it was a fiction perpetrated by people who are trying to discredit the Nicaraguan Government. "In Costa Rica there are many people who are very upset because there is no longer a Somoza Front in that country. Fortunately, they are few.

"However, those few are obviously determined to twist the things that are happening in Nicaragua and report them falsely. The only explanation I can find for this is that it is a fiction created by that gentleman." The minister was referring to the supposed signer of the document.

COSTA RICA

CARAZO: COUNTRY SUFFERING FROM FOREIGN ECONOMIC PRESSURES

San Jose LA REPUBLICA in Spanish 24 Feb 80 p 2

[Article by staff writer Vilma Aguiluz]

[Text] President of the Republic Rodrigo Carazo said that he is trying to solve the country's problems without any type of pressure, while opening the Fifth Milk Cattle Fair in Coronado.

On this occasion, the milk producers of that area asked the chief executive for a rapid solution to the proposal for a price increase on their products. Nevertheless, President Carazo said that Costa Rica should know that we are in a war of pressures and that we should put these pressures aside because we cannot live under their control.

He added that neither can we pay attention to the judgments of those who might exercise greater pressure because subjects related to the country's development must be dealt with responsibly and the government should not allow itself to be influenced.

Carazo said that while there is adequate compensation for producers, there will be enough production and the country's development could be regarded with confidence.

He called for Costa Rican farmers to organize as the only way to maintain a balance in production, and told them that as long as the farmer does not defend his rights, people will disdain his work.

Carazo added that while this is happening, no one appreciates the true role the farmer plays in the development process, so that salary increases will mean nothing if there is no increase in production.

For their part, the producers asked for an increase in milk prices and assured him that if it does not happen soon, the country will be faced with the problem of people who do not want to produce.

They said that even if the 65-colon increase they propose is accepted, the producers will continue to have problems because with livestock products

constant price revisions are necessary and in the case of milk, the increases will rapidly be absorbed by the costs.

The producers said that if incentives are not given for milk production, this activity will become a classist thing which can only be done by people of means.

Consequently, no one will want to produce any longer and "our children will have to be fed Coca Cola or beer," according to a remark by one producer.

At the exposition, which ends this afternoon, 170 specimens of the Holstein, Guernsey and Jersey breeds were exhibited.

11937

CSO: 3010

INFLATION IN 1979 DOUBLE THAT OF 1978

San Jose LA NACION in Spanish 11, 12 Feb 80

[Article by Lidiette B. De Charpentier]

[11 Feb 80, p 8A]

[Text] The amount of goods and services that the consumer bought for 100 colones in December 1978 cost 13.15 colones more in December 1979.

The wholesale dealer who spent 100 colones in 1978 had to spend 24 more colones 12 months later to acquire the same number of articles.

This relationship can be established based on the CPI for middle and low income families in the metropolitan area of San Jose which went from 118.75 in December 1978 to 134.37 in 1979.

The wholesale price index recorded by Central Bank went from 352.34 to 437.05 in the same period of time.

Using statistical formulas, those changes show an increase of 13.15 percent for consumers which is twice what it was in 1978. The increase for wholesale dealers was 24.04 percent.

These can be considered indicators of the degree of inflation that the country experienced last year since those factors are the main ones used by the World Bank and the IMF to measure inflation.

Minimum wages for 1980 fixed by the Ministry of Labor and Social Security increased 10.9 percent, less than the degree of inflation. This will force the government to review wages.

Consumers

Of the different national measures available at the present time to determine the magnitude of inflation, the CPI is the most appropriate for international measurement of that imbalance, according to the IMF.

The CPI indicates the changes in a certain period of time in the cost of selected goods and services that represent the consumption of the population.

It measures how much the investments of an average family would have to change to buy the same amount of food, clothing and shoes and pay for housing, medical care, personal care, education and transportation compared to the base year.

The Office of Statistics and Census decided that the base year would be 1975 so it was assigned the number 100.

Food increased the most last year followed by the category that the Office of Statistics and Census calls miscellaneous. This covers medical services, personal care, recreation, education and transportation.

Housing and Clothing

The next lowest is housing. Rent alone increased 3.42 percent from November to December. Housing also includes electricity, telephone and water.

Clothing and shoes declined in the index since in 1979 they showed a monthly average of 88 while in 1978 this was 91.

The acceleration in inflation occurred in the second half of the year. It was greatest in October and November with increases of 2.32 and 2.26 percent respectively in the general index.

Those figures can be compared with the IMF figures which give the following rates of inflation for Costa Rica: 4.6 in 1970, 3.1 in 1971, 4.6 in 1972, 15.5 in 1973, 30.1 in 1974, 17.4 in 1975, 3.5 in 1976, 4.2 in 1977 and 6.8 in 1978.

Wholesale

The general indexes used to measure the change in price for basic products sold in commercial transactions--not retail--are usually called wholesale price indexes.

The Central Bank calculates them based on wholesale sales of: animal and vegetable food substances; beverages and other foods; fuel and electricity; textiles and leather; construction materials; chemical and pharmaceutical products; and manufactured industrial products.

The average level of the index of those articles in 1979 showed a higher annual increase than those observed in the preceding 3 years.

The groups that affected the increase in the general index most were animal food substances and fuel and electricity. In the first category, the

increase was mainly due to increased prices for beef and pork. In the second, it was due to fuels which increased 62 percent.

The increase in construction materials mainly because of increases in lumber and metallic materials was also pointed out. The remaining groups had increases lower than the general indicator.

The percentage increase in that index was 24.04 in 1979. Central Bank shows percentage increases in the price indexes from January to November of 7.63 in 1978, 7.55 in 1977 and 9.46 in 1976.

Wages

As Mr German Serrano, minister of labor and social welfare, acknowledged in LA NACION yesterday, the general increase in wages was lower than the increase in the cost of living.

Minimum wages for 1980 showed a general increase of about 10.9 percent, slightly more than in 1979 and lower than the estimated increases from 1976 to 1978.

The increase this year is lower than the average annual growth for the period 1975-1980 which was about 11.7 percent, according to bank calculations.

Comparing the fixed wages for 1980 with those in 1975, the general increase in the period was about 74.3 percent with an average annual rate of growth of about 11.7 percent.

This rate is higher than the average annual increase of domestic wholesale and consumer price indexes from 1976 to 1979.

Mr Serrano Pinto recommended the formation of a committee to study similar data and determine the amount wages should be increased and possible sources of financing.

He will also ask for a review of wages in the private sector.

Tomorrow

The inflation that the country experienced last year was based on external factors, aggravated by excessive monetary issue by the government. Tomorrow's edition will carry a report on this.

1) Rama de actividad o ocupación	2) Año					3)	4)
	1975	1977	1978	1979	1980	Crecimiento porcentual 1980/1975	Crecimiento anual promedio entre 1975 y 1980 (en porcentaje)
5) Agropecuario	14.90	11.67	15.01	11.11	10.01	80.38	12.5
6) Explotación de minas y canteras	12.59	10.95	12.62	12.00	10.99	74.88	11.8
7) Industrias manufactureras y de transformación	11.75	11.17	12.80	11.20	11.54	73.82	11.7
8) Construcción	10.90	9.31	10.17	10.60	11.01	63.97	10.4
9) Electricidad	13.57	11.22	12.46	11.34	11.67	76.61	12.0
10) Comercio	14.83	12.55	14.91	12.00	11.99	86.27	13.2
11) Transportes, almacenaje y comunicaciones	11.80	10.38	11.49	10.72	11.32	69.57	11.1
12) Servicios	12.25	10.84	11.86	10.69	11.32	71.49	11.4
13) Profesionales técnicos 4/	7.97	8.00	8.00	5.80	10.23	46.87	8.0
14) Empleados administrativos y vendedores 4/	12.80	10.63	11.97	11.21	11.59	73.40	11.6
15) Actividades no bien especificadas 5/	18.81	12.92	15.66	12.03	11.98	94.66	14.2
16) GENERAL	13.23	10.98	13.00	10.70	10.86	74.28	11.7

Percentage Variations in Minimum Wages According to Activity

KEY:

- | | |
|---|---|
| 1. Branch of activity or occupation | 8. Construction |
| 2. Year | 9. Electricity |
| 3. Percentage increase | 10. Trade |
| 4. Average annual increase between 1975 and 1980 (percentage) | 11. Transportation, storage and communications |
| 5. Agriculture and livestock | 12. Services |
| 6. Exploitation of mines and quarries | 13. Professionals and technicians 4/ |
| 7. Manufacturing and processing industries | 14. Administrative employees and sales personnel 4/ |
| | 15. Miscellaneous activities 5/ |
| | 16. General |

CAPTION: For this chart, Central Bank used the different areas of occupation in the labor sector and percentage increases between 1975 and 1980.

[12 Feb 80, p 8A]

[Text] The inflationary pressure that our country experienced last year was partially caused by excessive monetary issue by the government to take care of urgent needs for cash.

The deflection of a good part of the credit of the National Banking System toward the official sector also contributed greatly.



Destination of Credit of National Banking System

KEY:

- | | |
|------------------------------|-------------------|
| 1. Private sector | 4. Public sector |
| 2. Public sector | 5. Private sector |
| 3. Average between 1974-1978 | |

CAPTION: The chart shows the trend observed between 1974 and 1978 when most of the credit from the National Banking System was destined for the private sector. In 1979 the trend is reversed as shown in the second circle.

That is the opinion of two economists: Dr Fernando Naranjo, president of the Economists Association and former official under the Oduber administration; and Mr Thelmo Vargas, member of the board of directors of Central Bank and adviser to the Ministry of Finance.

Both argued that the international increase in inflation produced by increased oil prices was also fundamental. This had been detected at the beginning of 1979 and was the main topic at the IMF and World Bank meeting held in Belgrade from 2 to 5 October.

The average CPI for the metropolitan area increased about 13.15 percent last year, twice that of 1978 when it reached 6.8 percent. This figure represents the rate of inflation in the country.

What It Is

According to ANFE [National Economic Development Association] publications, inflation is an economic imbalance characterized by the general escalation of prices, not the increase of some prices in particular.

Prices as well as wages are determined by the free play of supply and demand. The supply of goods, in general, is adjusted to the public demand for those goods since the suppliers or producers try to satisfy that demand.

While supply and demand are balanced, prices remain fixed; however, as soon as there is a change, prices fluctuate. This can be because of the shortage or abundance of a product or because of the shortage or abundance of money.

When the amount of money in circulation surpasses the amount of products, prices naturally rise because production is insufficient to meet demand. When money is scarce, prices go down since there is a relative abundance of products for sale compared to money in circulation.

At times inflation is produced by excessive monetary issue. This issue detracts value from currency already in circulation since it competes with this currency in the demand for food and articles of prime necessity.

The greater the issue, the greater the abundance of money, the greater the spending and the greater the relative shortage of products. Consequently, the prices that buyers will have to pay for products are higher.

Responsible

The issue of currency is a privilege of central banks. Last year ours issued more than 2 billion colones that were not backed by the production of goods and services.

Mr Hernan Saenz, minister of finance, stated that they resorted to this measure because taxes do not cover the expenditures of the public sector and some had to go for wage increases for state employees, bonuses and other cash expenditures.

Dr Fernando Naranjo said that this government policy was very wrong because all Costa Ricans suffer the consequences without exception, especially the weaker sectors of society.

He called taking funds from the National Banking System to pay for government expenditures, at the detriment of private production, irresponsible. This forces producers to be inactive at certain times due to lack of resources.

Another government mistake, according to Dr Naranjo, was tying our interest rates to a fixed international rate like LIBOR [London Interbank Rate]. This made financing expensive and discouraged production and productive investments.

According to the economist, the investment policy, in general, was not the best since the government has not concerned itself with encouraging production. There are shortages and this has put pressure on the inflationary trend.

Crédito total (con recursos internos y externos)	1974	1975	1976	1977	1978	1979
2) Al gobierno central	572.1 12.26%	690.8 10.98%	884.5 11.26%	1,623.3 16.67%	2,003.0 16.12%	9,183.1 53.52%
3) A entidades oficiales	342.9 7.36%	600.2 9.54%	919.4 11.70%	970.3 9.97%	1,560.4 12.55%	2,334.1 13.61%
4) Al sector privado	3,747.6 80.38%	4,999.5 79.48%	6,052.9 77.04%	7,142.3 73.36%	8,865.6 71.33%	5,639.8 32.87%
Total	4,662.6	6,290.5	7,856.8	9,735.9	12,429.0	17,157.0

Application of Resources of National Banking System
(millions of colones)

KEY:

- | | |
|--|------------------------------|
| 1. Total credit (with internal and external resources) | 3. To official organizations |
| 2. To central government | 4. To private sector |

CAPTION: As the chart drawn from Central Bank data shows, about 77.13 percent of the total credit was destined for the central government and official organizations last year in detriment to the private sector. This is one of the causes of the inflation that the country is experiencing.

Agrees

Mr Vargas, although a member of the board of directors of Central Bank--the institution that helps dictate national economic policy--agreed with Dr Naranjo that the excessive monetary issue last year had repercussions on price increases.

He also referred to a study that Professor Arnold C. Harberger of the University of Chicago did on 44 countries demonstrating that there is a high correlation between increased bank credit to the public sector and inflation.

He added that in countries with low inflation, the growth of the public sector is generally relatively small and in states with chronic and acute inflation, the increase is greater.

Mr Vargas also indicated the proportion of bank credit that goes to the public sector is important. As that proportion increases, inflationary pressure increases.

That explains why inflation has internal causes in addition to external causes that, in principle, are manageable by the authorities.

He stated that it is known that, in recent years, the government has had higher expenditures than current revenue. This causes a fiscal deficit financed usually with bank credit.

It seemed to him that the central government and the autonomous and semi-autonomous institutions should be obliged to balance the budget and restrict expenditures. Lastly, he felt it would be good to make an in-depth study of tax reform since this would bring in funds to the treasury and keep it from resorting to excessive issue.

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CSO: 3010

BRIEFS

SINGLE TRADE UNION FAILING--The attempts by union organizations to form a single federation of workers in our country, similar to those existing in other American countries, are failing according to statements by members of the trade unions. The idea of joining different unions in one pluralist body with broad principles arose several years ago but only a Union Unity Committee was formed, which has now disappeared after 6 years of existence, during which it created only distance between the different member organizations. "We did not participate in that because the CTC [Costa Rican Workers Union] is democratic, independent and autonomous and thus unitarian and because we believe in the unity of the workers movement and not in that of the satellites at the top," said Alsimiro Herrera of the CTC. CGT [General Labor Confederation] Secretary of Education Efraín Rodríguez said that the beginnings of the single trade union originated in that organization and that the invitation to the other unions to join is still open. He added that a draft statute for the federation is being drawn up and that the CGT's 11th and 12th congresses decided that it would dissolve when all the unions had joined, to initiate a process of appointing new officers of the single federation. They hope that this single federation will be formed in 1980, called the year "of unity." For his part, Secretary of the Costa Rican Federation of Democratic Workers Ricardo Thompson said that unity would come to the union movement when the struggles against common problems coincide. [Text] [San Jose LA REPUBLICA in Spanish 17 Feb 80 p 4] 11937

CSO: 3010

COMMUNIST PARTY OF CUBA TODAY, STRUCTURE AND OPERATIONS

Prague ZIVOT STRANY in Czech No 4, Feb 80, pp 52-54

[Article by Jose Ramon Machado Ventura, member of the Politburo and Secretariat of the Central Committee of the Communist Party of Cuba]

[Text] The Communist Party of Cuba--a workers' class party--has become a leading and guiding force and a recognized avant-garde for building a new socialist society.

The first congress of the Communist Party of Cuba* was a historic event in the life of our party and the entire people. Its ideas and resolutions are being implemented in economic and cultural development and also are reflected in the permanent improvement of the standard of living of the working people in our republic. Following the congress, the first Cuban socialist constitution was approved. A new political-administrative division of the country was introduced, a new nationwide and local organs of people's power were established, and a system of planning and management of the national economy is being implemented.

The first congress determined the basic tasks and goals for the party's future activity. It was the beginning of a new and qualitatively higher stage of the party's development. Its conclusions and resolutions as well as the practical questions concerning party organs and organizations significantly contributed to a constantly growing leadership role of the party in the life of our society.

The directives adopted at the First Congress of the Communist Party of Cuba and dealing with all areas of social life had an effect on the decisions and resolutions adopted at the subsequent plenary meetings of the central committee, politburo, and secretariat of the central committee and also influenced the practical work of party organs and organizations at all levels.

*Havana, 17-22 December 1975 (editorial note)

We are paying great attention to the questions of party building. The introduction of the statutes of our party states: "An organically unified Communist Party of Cuba develops its internal life on the basis of the strictest observance of the Leninist principles of democratic centralism which link training and conscientious discipline with the broadest type of internal democracy, collective leadership with individual responsibility, and criticism and self-criticism of our own mistakes. All this guarantees the purity and togetherness of the party's ranks and the necessary unity in thinking and acting together with the highest degree of freedom of discussion and initiative of communists."

The statutes are, as is known, the basic law of the party's internal life. The statutes of our party adopted at the 1st congress contain certain significant changes. These changes were made because it was necessary to bring them in line with a new political-administrative division of the country on one hand and to increase the role of the basic party organizations in political life on the other. The statutes and the party program have created a solid foundation for a logical streamlining of the organization, discipline, and united action of the party of the working class.

The significance of the principles of democratic centralism has increased in the life and activity of the party and its organizations. Fidel Castro emphasized in his report of the central committee delivered at the 1st congress that the "statutes quite clearly and singularly determine that the most significant principle of the organizational structure is democratic centralism whose characteristics are the following: all executive organs are elected and accountable to both those who elected them and to higher organs; action in accordance with party discipline which determines that a minority must submit to a majority and that the decisions of higher organs must be respected."

Recently we have been experiencing a substantial improvement in the level of the preparation and work of party meetings and conferences. The leading organs account for their work at these meetings; the meetings elect members of party committees and secretaries of the basic organizations. In this way the principle that part of the leadership of party organs should be changed is being implemented. This is also secured by including into party organs of all levels workers from the production sector or services and other leading workers.

Our permanent task is to strengthen the basic party organizations which, as emphasized in the party program, "are the basis for the entire party organizational structure and hence it is necessary to pay attention to their development and improvement and to better their relations with the masses in order to constantly increase their influence and to permit them to play an ever-growing role in the work of the party."

The basic party organizations in industrial and agricultural plants, educational centers and services do not substitute for the leading economic or administrative organs and do not direct their activities. However, the basic organizations are entitled to control the work of the leading economic organs regardless of whether their managers or other leading workers are party members or candidates.

In the ever-growing role and influence of the party basic organizations, in the improvement of their internal life and their relations with economic organs, the Union of Young Communists, and other mass organizations, our party sees the decisive prerequisite for strengthening its role of avant-garde in the entire society.

The party is searching for the most suitable structural forms which would correspond to the needs of party organizations and contribute to their qualitative and quantitative development. The creation of party groups was a significant decision which took into account the experience of fraternal parties in other socialist countries. The party groups not only guarantee greater flexibility but also make it possible to concretize party activity under existing working conditions in workshops, brigades, departments, shifts, etc. All this contributes to the growing influence of the party on improvements in production and services as well as on the educational work within a collective.

Special attention is being paid to the social composition of party ranks which must correspond to the position of the party as an organized avant-garde of the working class and a leading force of the entire society during the period of building socialism.

Without weakening the effort for improving the overall level of party ranks the party, when trying to increase its membership primarily concentrates on workers in key industrial branches, agricultural and industrial plants, in the construction sectors, and in the services. All this makes it possible to secure active party work in those places where the working class is concentrated in larger numbers. The decisive role in this respect is played by the basic organizations of the party. Their concrete help is primarily in improving the social composition of the party. By the end of 1978, the workers represented 44.2 percent of the overall membership of the party.

Party committees and organizations regulate the admission of new members according to the directives adopted at the 1st congress. These directives state that as far as its composition is concerned, the party must remain primarily a workers' party.

The ranks of the party are also augmented by members of the Union of Young Communists and women's organizations. In recent years the annual increment of the membership base has been between 10 and 15 percent. Those who are selected for admission into the party are freely discussed at mass rallies of workers in the enterprises in which the candidates are employed.

V.I. Lenin, as is known, said that admission into the party ought to be done through individual selection of new members of the pertinent organizations on a voluntary basis and when the new members accept the statutes and program of the party. In addition, V.I. Lenin energetically urged his comrades that the political avant-garde of workers and peasants maintain close relations with the broad masses. Our party is fulfilling this Leninist legacy. It reserves for itself the right to choose its own members. At the same time, however, it pays attention to the opinions of the masses concerning this question and takes the masses' opinions into consideration.

In 1975, the party reintroduced the candidacy period which is now obligatory for all those who want to join the party's ranks except for members of the Union of Young Communists who have been members of this organization for at least 3 years. The candidacy period is one year. In certain exceptional cases it can be extended 2 years.

The basic organizations of the party fully assist the candidates. After the completion of the candidacy period, the candidate's behavior and training are evaluated and a decision is made as to whether he would become a full member.

Party organizations do their best to improve the social composition of their ranks. So far, however, we cannot say that we have been able to solve all our problems. In certain branches, for example, in agriculture, construction and services the party is still not strong enough.

At the present time, our effort is to train for and admit into the party the most conscious leading workers. The basic organizations are improving their individual selection of those who will join our ranks. There is no doubt that during the second congress* the Communist Party of Cuba will have a social composition in which the ratio of workers will increase. Thus, for example, a total of 63,267 comrades from the civilian sector were admitted into the party in 1978. Of them 44,574 or 70.5 percent were workers.

While emphasizing a special role for the working class in the life of society, the party does not forget its natural allies, namely, the peasants and the working intelligentsia. The party keeps in mind their great contribution during the building of socialism.

Our party also pays great attention to work among young communists, to the activity of the Union of Young Communists, a progressive youth organization of the Communist Party of Cuba. It suffices to note that, for example, 32.5 percent of new party members are recruited from the ranks of the Union of Young Communists in 1978.

The work with the cadres occupies a special significance in the entire party's activity. The success of any activity depends to a great extent on the composition of the leading cadres and on their ability to solve party tasks. Recently we have increased the number of comrades working directly in production, education or services in the leading organs. Over one half of the comrades elected as members of city or provincial committees were not previously members of these organs.

The party apparatus has also been strengthened. Management techniques are being improved in order to make it possible for the party to occupy the place to which it is entitled in society. The training and education of party functionaries is being improved. Beginning with basic organizations, a system

*1980 has been called the year of the Second Party Congress in Cuba (editorial note)

of party cadres has been established such as to take into primary consideration the cadres' work or service achievements, political and moral quality, education, and organizational ability. Work with the cadres has a decisive influence on the quality of the overall work of the party.

Marxism-Leninism constitutes a revolutionary theory and ideology for the working class and is the basis for the work of the Communist Party of Cuba. We believe that our main task is the most effective propagandizing of Marxism-Leninism, struggle against bourgeois ideology, rejection of all manifestations of ideological deviation, uncovering subversive anti-Soviet campaigns, educating people in the spirit of the revolutionary patriotism and deep proletarian internationalism which form the basis for the friendly relations linking Cuba with the Soviet Union and other socialist countries.

Our party mightily tries to train all party members and candidates politically and ideologically. They all systematically study in their basic organizations various party documents related to the current problems and theoretical questions of Marxism-Leninism. The programs of this type of party education are prepared centrally and are uniform.

The entire country has party schools, all state and provincial schools of the Union of Young Communists, schools run by the Committees for the Defense of the Revolution, etc. In party circles of political study, we have been able to improve the organizational aspect, control and evaluation of knowledge. Beginning in October 1975, there have also been centers of political and educational self-improvement in various parts of the country. We are doing our best to have in 1980 most party members enrolled in the courses of party education which are divided into 3 types: basic, intermediate and advanced.

The cultural level of party members has been improving too. We have set as our basic goal that all party members must have at least 8 years of school in order to be able to improve their professional and cultural level. We emphasized already at the 1st congress that no communist can be without obligation to study and constantly improve his qualification.

Invincible firmness and deeply humanistic spirit are the characteristic features of our revolution. Leninist organizational principles and Leninists norms of party life today belong among our most important values. Fidelity to the international revolutionary movement is and will remain the cornerstone of our foreign policy.

The entire history of Cuba is one of the most persuasive proofs of the great power of the solidarity of countries belonging to the socialist community. Neither direct military interventions and subversive actions nor the imperialist economic blockade conducted primarily by the United States could prevent the development of our Cuban revolution. Leaning on the Soviet Union and the countries of the socialist community, our people have achieved great economic and cultural successes.

Revolutionary victories achieved under the banner of progress and socialism grow day by day. However, chauvinism, opportunism and imperialism are joining forces against Marxism-Leninism, socialism and internationalism, not the first time in the history of the revolutionary movement. The Chinese ruling camarilla appears today as a frantic advocate of economic blockade against Cuba. It also supports the continued existence of the North American naval base on the Cuban territory of Guantanamo.

The Chinese leadership, fully scornful of the norms of international law and trampling on the principles regulating relations among nations, has fanned an aggressive war against the people of socialist Vietnam. Aggression against Vietnam represents a gross attack against the independence, freedom and sovereignty of this country. It is a perfidious act. Responsibility for this act falls fully on the Chinese leadership and on those who support it, particularly North American imperialism. The Vietnamese people, however, have given a conclusive answer to the aggressors. All progressive mankind is on the side of the Vietnamese people.

The present Chinese leadership carries out in every respect a reactionary and opportunistic policy, insolently betraying revolutionary principles and openly and ever more extensively cooperating with imperialism and the world's reactionary forces. The Chinese leaders have adopted the positions of anti-Sovietism; they advocate chauvinistic and power positions. Our party condemns them for that.

Cuban-Soviet friendship has improved and become more meaningful in recent years. Our parties and the people of both countries have learned how to cooperate, to respect one another, and to struggle for the same cause.

At the same time, multifaceted fraternal cooperation between the Communist Party of Cuba and the CPSU is developing. This is creating a firm basis for Cuban-Soviet friendship.

Proud in our achievements and victory, we Cubans at the same time express our deepest gratitude to the country of the great Lenin, its revolution, its people and its internationalist policy. Fidel Castro stated the following on this topic: "If we won, if our people could realize the revolution and have its own country and life, it is not the result of our struggle alone. For much of what we have achieved we must thank the heroic Soviet people who extended their friendly hand in the decisive and critical moments of our revolution. Cuba and its sons are today and will forever remain grateful to the Soviet Union for everything which the latter has done for our people. These expressions of gratitude are also addressed to our brothers in other socialist countries, to all real communists in the entire world, to the working class and progressive forces in Latin America, Asia, Africa and Europe."

Year after year the ties of friendship between Cuba and the fraternal parties in other countries of the socialist community, based on fidelity to the principles of Marxism-Leninism and proletarian internationalism, are being strengthened. The Communist Party of Cuba will contribute its share to the common cause of the struggle for the unity of the world communist movement and all revolutionary and anti-imperialist forces.

MINSAP SCIENTIFIC ADVISORY COUNCIL FORMED, MEMBERS LISTED

Havana JUVENTUD REBELDE in Spanish 12 Feb 80 p 3

[Article by Jose A. de la Osa: "Scientific Council Established to Advise Public Health Minister"]

[Text] The establishment of a scientific council to advise the minister of public health, to be headed by Professor Zoilo Marinello, was effected yesterday afternoon at the Camilo Cienfuegos Hall at the MINSAP [Ministry of Public Health] in the capital city, during a ceremony at which Drs Sergio del Valle, minister of public health, and Jose Ramon Machado Ventura presided. Both are members of the party Political Bureau.

Members of the council are Eugenio Sellman, vice president; Francisco Rojas Ochoa, secretary; and Jose Jordan, Eduardo Bernabe Ordaz, Gustavo Kouri Flores, Adolfo Rodriguez de la Vega, Hector Rodriguez Silva, Ricardo Portilla, Carlos Martinez, Jose Rivero, Cesar Perez Duany, Mario Gonzalez Velez, Guillermo Rodriguez del Pozo, Rodrigo Alvarez Cambras, Pedro Valdes Vivo, Aida Jordan, Adolfo Valdivia, Alberto Hernandez Canero, Raul Dorticos Torrado and Fidel Ilizastegui Dupuy.

Dr Ernesto de la Torre, first vice minister of the MINSAP, in presenting the members of the scientific council to advise the minister, said that the selection had not been easy, and that although those chosen represent a group of men who for many years have devoted themselves to public activities and who have a broad and honorable reputation in this field, "there are in our country other comrades who are not members of the council but who would be worthy of membership in it, as the outstanding figures they are in their specialties and in the public health field in general.

"However it was necessary," he explained, "to limit the council to a number which could not be too large to allow its efficient functioning."

Vice Minister de la Torre had words of praise for the late Dr Daniel Alonso, vice president of the scientific council of the MINSAP,

who died recently. "He surely would have been pleased," the vice minister said, "to see the establishment of this scientific council this morning with new and broader prospects for work."

Professor Zoilo Marinello, for his part, speaking on behalf of all the comrade members of the scientific advisory council, thanked the party leadership and the government for the high honor conferred upon them with their appointment to such responsible posts, and he said that "we pledge to do all that our responsibilities require of us to the benefit of Cuban public health and our revolution."

A brief greeting was delivered, in conclusion, by Minister Sergio del Valle, who voiced his certainty that the scientific advisory council will be a group "which will work to the benefit of our health and will be a great help to our entire leadership council."

Also at the speakers' table for the ceremony was Jorge Lezcano, minister without portfolio and member of the Central Committee of our party.

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CSO: 3010

PARTY CHECKING HOSPITAL SERVICE, GOOD PATIENT TREATMENT

Havana GRANMA in Spanish 11 Feb 80 pp 1, 3

[Article by Alexis Shelton: "Party Meeting Takes Up Optimizing Service and Proper Treatment in Havana City Health Aid Centers"]

[Text] "Health workers have the responsibility for protecting the most valuable asset nature has created--man," said Julio Camacho Aguilera, member of the Secretariat of the Central Committee and first party secretary in the city of Havana, in summarizing the party rally held to discuss and analyze the reports on optimizing health services and proper treatment in the provincial aid centers.

Sergio del Valle, Jose R. Machado Ventura and Pedro Miret, all members of the Political Bureau, were at the speakers' table for the rally held in the Manuel Ascunce Theater in Ciudad Libertad. A large group of people, for the most part members and candidate members of the party, administrative, professional and technical cadres pursuing their work in the various aid units of the MINSAP [Ministry of Public Health] in the city of Havana, participated.

The opening address was given by Manuel Villamar, a member of the provincial party bureau, who specified the goal and scope of the meeting called to gather and evaluate experience, criteria and views which would contribute to greater depth in the development of the basic tasks of the aid service at the base level.

Villamar said that the rallies enable the party body to offer their experience and acquire that which the base units can contribute on certain main guidelines of the work, so as, following analysis, to make the pertinent suggestions to the proper leadership levels.

Enrique Arrea, a member of the party committee at the General Calixto Garcia Hospital, read a report entitled "Party Nucleus Control and Support of the Program for Optimizing Treatment of Patients and Members of Their Families," in which he gave a detailed account of the experience of that hospital institution in this connection.

Another report read was that of the cell at the Joaquin Albarran Surgical Clinical Hospital, entitled "Work of the Nucleus With the UJC [Union of Young Communists], the Trade Union Section and the Administration in Fulfilling the Optimization Plan." This report was read by Natividad Andeira, general secretary for the party at that MINSAP unit.

It was learned that in some places insensitivity and lack of understanding toward patients, inadequate answers to questions, failure to carry out some medical instructions, failure to supply information to patients' families and interruption of patient rest by unnecessary noise and light still persist.

The speeches stressed the need to eliminate absenteeism entirely, since in the case of health sector tasks there is a direct effect to the detriment of the patient. The support offered to the sacrifice of leisure time before and after medical shifts was also stressed, as was the need to combine practice and theory still further in the process of teaching nursing personnel.

Other speeches stressed the role the administration and the trade union section should play with regard to setting high standards, as well as the extreme care necessary when it comes to selecting the personnel who will work in the health services.

Armando Díaz, of the Pedro Borrás Children's Hospital, noted that proper treatment should extend to the work of technicians, who at all costs should avoid unnecessary repetition of analyses because of shortcomings in the work, thus avoiding, for example, the need for patients to submit to repeated testing.

In his concluding address Julio Camacho said: "Public health is a primary task of the revolution and a right of the people.

"Thus," he added, "the level of awareness in health workers must be consistent with the mission assigned to them."

In another part of his address he noted: "Today the reports pertaining to the work of the party in the health sector have been discussed. With the participation of many and a critical spirit the discussions and speeches dealing profoundly with the shortcomings affecting the party work have been carried out, in order to achieve greater efficiency in the management of them."

Later on he said that the largest number of specialized centers nationally is focused in the capital, and that not only are the people of the city cared for, but that patients come from all over the country to receive medical and hospital care.

He stressed that the province has succeeded in reducing infant mortality to 16.3 per thousand live births, placing it on the level of the more developed countries. "This result," he stressed, "is the product of the sustained work which has been done in the maternity-infant program."

Among the steps being taken or already taken to improve the efficiency of the services, he mentioned the application of a new system of care in emergency rooms, sacrifice of leisure time before and after medical shifts, the new system of rotating nurses, the establishment of intensive care wards in the majority of the hospitals, the reestablishment of the authority of heads of departments, as well as the development the scientific activities committees have achieved.

Among the measures adopted he mentioned the decision to continue to offer unlimited medical consultations at the polyclinics and the improvement of the services in the peripheral polyclinics.

In another part of his address, Camacho stressed that the party must demand the elimination of instances in which due to lack of proper prior preparation, surgical operations are interrupted without, apparently, taking into account what it means to a patient and his family to submit to an operation and the psychological effects caused by its postponement or interruption. "The party must adamantly demand that such instances be eliminated," he said.

Speaking of the shortcomings which still exist he said: "Another problem which is being seen and which is intolerable, above all in health centers, is the unhygienic conditions found in some units. If this is to be criticized in any work center, it is still more so in this sector, for it is inconceivable that those who must care for the people's health, who must oversee it by requiring that others meet hygiene norms, fail to provide the best example."

He placed special stress on the need to end absenteeism in the health sector. In this connection he said: "When a worker is a doctor, nurse, technician or general aide and fails to appear for work, failing in his primary social duty, it not only affects the care of the patient but also the service rendered to safeguard health and the prestige of the institution.

"Absenteeism in the health sector," he added, "means service not rendered, failure to care for the patient which cannot be made up by overtime."

Later on he stressed: "The cell must be a solid bulwark against all the attitudes which are not consistent with the requirements set by the revolution for the health sector, and against any manifestation of ideological weakening."

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CSO: 3010

PROBLEMS AFFECTING WOMEN AIRED IN INTERVIEW, SURVEY

Havana BOHEMIA in Spanish 22 Feb 80 pp 42-47

[Article by Janet Salva: "Problems Which Affect Women--Their Opinions"]

[Text] Within just a few days, the Third Congress of the Cuban Women's Federation will be held. This is an event which will without a doubt be a landmark in the history of this organization, particularly if the quality of the assemblies which preceded it is taken into account.

With a view to informing our readers, the women above all, about some of the subjects this great women's assembly will discuss, BOHEMIA interviewed 20 comrades in various sectors, including housewives--1 for each year of the Federation's history up to next August--to learn what they think about aspects of the greatest importance to women.

The following were the women polled:

Rafaela Rodriguez, CDR [Committee for the Defense of the Revolution] leader, Santiago de Cuba. She is married and has three children.

Silvia Marticorena, fourth-grade teacher at the 13 March Martyrs Primary School in Punta Brava. She is married and has two children.

Josefa Moncho, a textile worker in Ariguanabo, married and with grown children.

Caridad Urra, CDR leader on the Isle of Youth. She is divorced and has four children.

Maria de los Angeles Lantaron, pastry worker in Guanabacoa. She is married and has one daughter.

Libertad Llorente, shirt cutter in the capital. She is divorced and has two children.

Cristobalina Euroque, employed at the Hacendado Industrial Fishing Enterprise. She is married and has seven children.

Yolanda Fe, Ilusion Beauty Salon, married, two children.

Inda Rodriguez, student at the Higher Arts Institute. Single.

Sonia Sanchoyerto, CDR leader in Matanzas. Married, two children.

Irene Nunez, Meteorological Institute, married, one daughter.

Lourdes Canfux, dentist, married, one daughter.

Fidelia Santos, group leader at the national long distance center. Divorced, two children.

Nora Rodriguez, La Epoca clothing shop, divorced, two children.

Iris Fernandez, CDR leader, municipality of Cauto Cristo, Granma. Married, one daughter.

Teresa Zurita, housewife, married, two children.

Olimpio Pino, housewife, married, four children.

Mercedes Valdes, housewife, widow, five children.

Anisia Simon, employed at the Hotel Lincoln. Married, two children.

Alda Rodriguez, criminal judge in the Havana Central Municipal Court, divorced, two children.

I

Before asking each question, we will review very briefly some of the aspects set forth in the theses for the congress having to do in particular with the question.

In the past 5 years, forms and methods to help women to link labor duties and the other social activities in which they engage have been studied and put into practice. However, there still exist some material conditions which are a burden on the working family and in particular on women.

One of the difficulties is the repeated shutdown of some day care centers. Where primary semi-boardings facilities and scholarships are concerned, the opportunities for access will be expanded as the development of the country allows. Despite the problems caused by the Saturday vacation for school children, it is impossible under the present conditions to reduce the work week for women to 5 days. With regard to workers in school cafeterias, in

some instances these resources are not utilized to the maximum or are of poor quality, the result of which is inadequate use. In the production of some industrially processed food products, as much of an advance as economic development allows has been achieved. The network of services offered to the population has also been expanded: where dry cleaning and laundry establishments are concerned, the self-service system has been established in some zones, an experience which because of its usefulness it would be desirable to extend as far as possible. The fact that the opening and closing hours of these establishments coincide with the beginning and end of the labor day prevents working women from utilizing these facilities or forces them to be absent from work for the purpose. Another situation which is a burden to them, causing a loss of time, involves the excessively long lines which are often the result of poor organization, indifference and low productivity on the part of some workers.

Question No 1: In your view, what are the main problems currently affecting women?

Of the 20 comrades polled, 9 assigned 1st place to the shortage of day care centers and the effect on working women when children are sent home because of lack of water at the facility or for causing minor problems. For women working rotating shifts, a problem comes up again when the shifts do not coincide with the day care center schedule. In general, the solution lies in finding a person to care for the child at home. Women who have mothers or mothers-in-law to care for these children are not affected.

Caridad: There are transportation problems. I live very far from work and I waste a great deal of time getting from one place to the other. There are problems with the shortage of processed or semi-processed products, and the possibility of increasing them should be looked into. And another great difficulty is that where I live we have no laundry service, so necessary to us.

Sonia: We need facilities to help us with household work, for we cannot turn our backs on our households in order to be useful to society, nor can we fail to be useful to society in order to take care of the house. I believe that some mechanism should also be sought to expand guided studies, secondary and university, let us say, because many comrades want and need to study but cannot because these courses are given at night. Thus, without affecting the labor schedule, women's time would not be so limited.

Silvia: There are problems with the schedules of shops selling manufactured articles. On Monday for example one shop here was open in the morning and another in the afternoon. The people who can line up very early, but those who work both morning and afternoon cannot purchase the products they need. The meat markets are also a problem. If one needs to buy meat on a Friday, for example, and one arrives a little late, there are no sales after 6:00. On Saturday morning one works. The result is that there is nothing to do but arrive late on Monday.

Josefa: The majority of the couples living in the textile community, both men and women, work here, and our shifts, for women too, rotate. And this is where we have the most problems, because one must arrange with one's husband to work different shifts so that one of the two can stay with the children. Logically, this causes marital problems. Solutions have been tried, such as rotating shifts for the day care centers, but this causes problems for the children. The problem lies with the rotating work shifts, and for this reason the women ask for fixed shifts, so that they will have no problems.

Cristobalina: The schedule change for beginning my work is the worst problem I have. Before we began at 8:00, but now it is 7:30. I leave the house with the three smallest and begin to drop them off. I cannot leave those who go to school before 7:00, or otherwise they would have to stay alone on the sidewalk until someone comes. I catch the bus to the day care center, which is 20 blocks from here. I get off and continue on foot. Really, however much I hurry, I always arrive 15 to 20 minutes late, not that I like to, because from the time I get up I am running. And here they demand that we start on time. For those of us comrades who have these problems, the change in schedule has not been convenient. But I must make it clear that my late arrivals do not affect my work: I always make up the time lost.

Yolanda: We have a problem which does not affect just us, but a sector of the population. Until December we opened the beauty shop on Thursday, Friday and Saturday mornings, but since January these shifts have been eliminated, and this affects the women employed in the shops who cannot make arrangements because they have the same schedule as we do.

Inda: I believe that one of the problems of the young people is the lack of enough places to spend free time if one lacks money. The establishment of youth centers where the students could present their FEEM [Federation of Intermediate-Level Students] or FEU [Federation of University Students] cards to use the facilities should be analyzed. The function of these centers would be educational. They would serve as an incentive for artistic creation. Some could play music, paint a picture, others could talk, in a word the young people would be motivated to attend places where they can pursue their concerns. Politically it would be very positive, for it would provide a possibility of spending free time in a healthy manner, and perhaps the street-corner hangouts which do not always produce fruitful results could be eliminated. And why not increase cultural activities? Symphony and popular concerts, painting, not only at galleries and show-rooms but on the street level and in parks. All of this is difficult perhaps, but it is necessary to achieve a constant festival spirit: thus a contribution to promoting and raising the cultural level of the people would be made.

Lourdes: At our center, school holidays create a major difficulty. Many comrades bring their older children to work, and this creates problems.

They cannot come into the consulting rooms, and they touch the instruments. And the mothers who have smaller children are forced to ask for time off. Another problem is the schedule. We dentists work until 9:00 in the evening once a week, and dental clinic aides one other evening. This creates problems, both for educational advancement and in the home. There are comrades who cannot study because of the work schedule. There are instances in which their educational advancement is affected by this. If there were educational centers with rotating shifts, this would cease to be a problem.

Fidelia: A great problem for us is the rotating shift. It causes us problems on Saturdays and Sundays, and moreover the schedules of the day care centers do not coincide with ours. An analysis of what steps to take should be made, because here 100 percent of us are women and absenteeism affects us seriously, above all on the weekends, and this affects both us and the population, for when you dial 00 you want someone to answer. Another problem is that our semi-boarding schools sometimes do not provide the best conditions, and these difficulties we face should be eliminated. We must wage a battle against them.

Nora: In our specific case, we have wage problems. Wages in commerce are low, and an employee earns 100 pesos a month, although incentive pay has improved a little. If I fulfill my obligations I collect my wage, and for overfulfillment I get 1 percent. I do not think the basic wage should be affected, because we depend on what we get, and if there are no goods we cannot sell. The sales system must be linked with the incentive pay. I think that the incentive system in our sector should be reviewed.

Teresa: I would like to go to work. Affiliation with the local industries of the people's government has helped me greatly. I sew here in my home, but I don't know what is happening here--suddenly they suspended this home work system. What a pity!

Mercedes: Now I have the problems any mother might. The most difficult part of my life was in 1957, when I was left a widow with five children. The youngest was 8 months and the oldest 7 years. Fortunately my sister helped us a great deal, although she had eight children. I did not sit down and weep about my problem, but on the contrary, I participated in the 26 July Movement, and in May of 1958 I was mobilized. I served in Column 3 on the Third Front. In 1963 I came to Havana. I managed to get scholarships for the three littlest ones and began to work in 1965 with the Ana Betancourt scholarship plan. That was our home until 1968. That year my problems came to an end, although for health reasons I had to retire then and return to keeping house. There may be other problems which affect women, but any one of them, compared to the ones in those difficult years, would be insignificant now.

Anisia: My daughter attends an ESBE [Junior High Farming School] in Melena del Sur, and comes home on weekends. Naturally I want to have

Sundays free to be with her, and to take her to the departure point. The management we have had in the hotel for something like 4 years does not understand this. They tell me that in our work we cannot take that day off and they will not let me. I have had to appeal to the labor council, which ruled in my favor. I have not had further problems. The management should help us and when they do not, this is a great problem for the working woman.

Aida: I believe that women face difficulties above all with material problems, when they go to work, and with their duties in general, above all when they have small children, if they do not have a full solution to their domestic problems--the purchase of food, supplies, dry cleaning--for many of these services are offered during working hours. How can one deal with them then without being an absentee?

II

The struggle for the full exercise of equal rights by women is an historic battle, and in order to win it it is necessary to continue to work for a solution to the problems involved in this equality: development of the economic base and the traces of discrimination which still survive. Success in the first regard would result, with the creation of new material conditions, in facilitating family life, and therefore that of women, and their participation in all the activities of social life. Although in this connection great successes can be listed, this problem cannot be resolved in the short run, nor is it possible to provide an immediate response to the needs of an active and fully integrated population.

When it comes to eliminating the outdated prejudices concerning equality, these are deep-rooted in the minds of many men and even many women, although in these recent years a process of confrontation of ideas has been carried out and has contributed to the adoption of ever more revolutionary positions, and this has aided in establishing a certain clarity on a number of basic aspects.

However, there are stipulations established by the legislation to protect the working woman which are still being violated, and discriminatory actions effected.

In order to promote the participation of women on all fronts in daily practice, it is essential that both they and the men wage a battle together against the existing prejudice in order to win the battle for equality.

Article 43 of the constitution says: "Women enjoy equal rights with men in the economic, political, social and family sectors." The Family Code establishes the rights and duties of husbands and wives, among other things. The thesis of the first party congress "On the Full Exercise of Women's Equality" speaks very clearly of this problem. In other words,

the principles in this respect are written in black and white, and the order of the day is putting them into practice.

Question No 2: Do you believe that women have advanced in their struggle to attain full equality?

Iris: I think so. How long we have been waging this battle! What is needed is to awaken those who are still asleep. They must be made aware-- they, and not the husbands, for many of them are still thinking from the man's point of view, and until this is done together, they will never achieve equality.

Silvia: I think that a little more is still needed, because sometimes women find themselves pressured to do certain work. When the objective factors are consolidated, women in general will be in a better position to exercise their full equality.

Libertad: The laws and opportunities exist. If a woman is married and her husband does not understand, this is a problem for her: she herself must resolve it.

Inda: Legally, yes. The constitution is very clear. So moreover is the Family Code, but in reality, mainly in the majority of marriages, the woman sometimes encounters a hindrance and must choose one of two paths: to fight or to yield.

Fidelia: Despite the difficulties facing women and mothers in particular, I think there has been an advance. And to the extent that we fight to put the existing legislation into effect, the full equality of women will be achieved. There has been an advance, but I think it is possible to advance farther.

Olimpia: I believe that to achieve full equality, economic independence is needed, because there are many comrades who have to depend on a man for support, and must tolerate many things.

Alda: I think that because of the existing material problems, women are not yet in a position to exercise full equality. Moreover, in the vast majority of cases, the man does not play the role in married life of co-operating with the woman, because men still have ideas preventing them from understanding the attitude women must have in the socialist revolution, how to be a fully integrated social being.

III

The experience gained by women in work with political and mass organizations, in production and services, places them in an ever-better position to carry out any task or responsibility.

The building of socialism requires the support and the effort of all the people. Without the participation of women, half of the population, this great work would be impossible to complete. Women must participate in social production, in cultural activities, in scientific research and development, in educational and technical training, in administrative leadership and state politics, in the defense of the fatherland.

"The effort of this generation must be devoted to development," Fidel said in his closing address to the 14th Workers' Congress. And the working woman must be aware of the role which it falls to her to play in this respect: zealous fulfillment of her duty in industry, in farm work, in any labor post, with the greatest productivity and creative enthusiasm; devoting close attention to the interests of the people if she works in a repair center, in food or other types of services. An awareness as producers rather than consumers--this must be the slogan for all. The elimination of violations of discipline, wasting of resources, lack of social responsibility, individualism, liberalism, improper use of the people's property, negligence, insensitivity, absenteeism, poor utilization of the labor day and other vestiges of the bourgeois ideology. And in this battle, women must be in the front lines.

Question No 3: How willing are you in this stage of the struggle to increase economic efficiency and quality, to combat poor work--in a word, to give your support to this historic battle to which the entire people is committed?

Caridad: I think we should be more demanding on all levels, completing our work and trying to prevent personal problems from affecting our attendance, to put an end to the image many managers have of women--thus they will gain confidence in us.

Sonia: Every day we must be more demanding of ourselves and of others, but we must begin with ourselves.

Iris: We must struggle to be efficient in everything. I live in a rural zone and there we can do much for the peasant women, helping them properly to understand their role in society and to struggle so that each will join in the battle for efficiency, on her front.

Josefa: Here we have a group responsive to all the tasks and, something very important for women, we have the opportunity to seek vacant posts. They are not saved for the men because they have fewer problems than we do. On the contrary, we women are taking over many of the men's posts so that they can do other harder tasks. In any case, it is always possible to do better, and this is a pledge for all of us here--men and women.

Maria de los Angeles: I was not demanding in my work, perhaps because this would have meant making enemies. My superior called my attention to this and now I am a little more demanding. Also it has helped me to have

experience, because the work here is different from that I did on Gran Via. In this plant there is no laboratory and quality is assessed by sensory methods. When I cannot define it, I call on those with wide experience and they establish it. I believe I can be more efficient and I am going to struggle to achieve this.

Inda: Efficiency for students means passing with high marks, devoting the greatest possible amount of time to our social duty, which at this time is study.

Lourdes: In our case, we will be more efficient to the extent that patients have a shorter time to wait and we provide quality work, so that the patient leaves satisfied. It is better to do less and do it well than to do more badly.

Fidelia: Here retraining courses which contribute to increasing quality are offered, but I believe that quality is something which depends on the conscience of the worker.

Teresa: Although I am a housewife, I too have ways to battle for efficiency, for example in the education of my children. I am a Combatant Mother. In addition, we can support the political works of the cadres which, sometimes, help us to improve ourselves.

IV

The home should provide an example of the fact that love, mutual respect and understanding are basic elements. The couple established in a home should be guided and should have the maturity necessary so that the family can meet its responsibilities. It must be prepared to take on its function as the basic cell in society.

Early marriage and motherhood are among the factors leading to school dropouts. Avoiding this phenomenon is a task of primary importance, for after dropping out of school many young people have no type of activity, and this hinders their development as social beings and their incorporation in labor life.

Much has been said about the old concept assigning domestic tasks, care of the children and the home exclusively to women. This unjust system limits many comrades who have no one with whom to share the tasks which care of the home and the children necessarily entail.

It is very different when the problems of the home have collective solutions, based on comradeship, consideration and mutual respect.

Question No 4: Can marriage serve as an obstacle to the political and social development of women?

A. Do you believe that young couples should contract marriage and have children?

B. In your home, is the Family Code implemented, with regard to the education of children and cultural tasks?

This question was frequently followed, by way of response, with a slight smile or a gesture with the eyes. We tried to probe, to penetrate the internal self of each comrade, but our efforts were not always crowned with success. We did not get complete sincerity in 100 percent of the answers. In view of the great indifference on the part of men toward the problems of the home and sharing the tasks, this answer was not reprehensible but understandable.

However, a qualitative change can be seen with regard to the attitude of men in general. It would be false to state that they are unaware of domestic pressures. Many have gained in awareness, and others must gain still more.

Rafaela: No, on the contrary. I have been married 13 years and my marriage has never been an obstacle for me. Marriage is a matter of pride: it gives the husband the opportunity to contribute to the responsibilities of the home, and it means that the woman is not alone in dealing with problems. But marriage has its importance.

Iris: The more a couple cooperates and the more mutual aid there is, the happier the marriage, and some time remains free. Sometimes I get home and he has already done the laundry--his and mine and our little girl's. He does not leave it for my mother to do although she is strong. And now we are making plans for the education of our daughter: this is the task of both of us.

Silvia: In the case of men who like to have a woman at home when they get there, marriage can create problems. The life of sweethearts is not the same as when they are married, and perhaps this is why there are so many failures. Many students get married, have children and abandon their studies. In household tasks, it is still necessary to force men a bit.

Josefa: I married for the first time at 17 and I had my children right away. I couldn't even pursue my studies. I reached the sixth-grade level after the triumph of the revolution. I had to raise my daughters alone, because their father left me when they were very little. With the experience I have now and the facilities we enjoy, I certainly would not have married so young. My second husband helped with the education of the boy, but when it comes to cooperation in household tasks, he does not do this spontaneously but "grudgingly." He sometimes sweeps and leaves the garbage on the porch, and I say to him, "Why did you put the garbage there, old man?" And he tells me, "So that people won't see me." This is a long process of adaptation.

María de los Angeles: I married at 16, finished high school, and then took a quality control course. After that I thought that I might have a child at any time. I almost always do the household tasks myself, although sometimes he washes, and on Saturdays when he does not work he plays with the little girl. When he does not cooperate, I say to him: "My love, we must help each other." I believe that the best thing is to talk, to reach agreement.

Libertad: Marriage was an obstacle for me. When I had a meeting or guard duty after the day's work he was difficult. I told him: "One must do something for the revolution, for it has given us everything." And he answered: "But you have children, and look what time it is." In other words, in addition to coming home tired and having to do the work there, I had to put up with harangues, and to top it all, I always had to deal with all the problems alone. That was the reality.

Cristobalina: I do the housework. My husband helps me with the shopping, carries the water, and when I have a meeting at work or I am sick, he collects the little boy from the day care center. We both work here. We used to go to work together but the change of schedule meant that he began to come straight here, not wanting his work to be affected. "Let just one of us be late," he said.

Inda: I believe that one should marry after completing school and becoming economically independent. As to having a child, that time should come when the marriage is solid. There are girls who hurry into marriage, sometimes without even being in love, just to have an independent sex life. It seems to me that all of this is due to the fact that many young people, since their parents give them no freedom at all, seek it in marriage, and these may be the future divorcees.

Irene: When it comes to engaging in activities and dealing with problems, a couple should bear individual political integration in mind. Neither is an act independent of the other, and many couples fail in this. The steps one takes in life should be analyzed.

Lourdes: My husband is a doctor. We were married when we were students and I was soon pregnant. I had to abandon my studies for a year, but then I continued with my career. We have tried to pursue our life all three of us together. Even during the postgraduate work we did in Jovellanos, our daughter was with us. We were only separated from her for the 17 months when we were assigned to an international mission. But I would recommend to young people that they not hasten into marriage, much less have children until they have established their own lives and depend on no one else.

Fidelia: My marriage broke up and now I have to do both jobs and that is most difficult for me. I have to make more effort because I am responsible for everything. These are the consequences of a divorce, and sometimes they even affect the emotional development of the children.

Teresa: I married at 15 and at 16 I was a mother. I could not finish my studies. At that age, marriage is indeed an obstacle, because it cuts short one's life. My husband works in the slaughterhouse and spends up to a month away from home. When he is home I get a fine rest. He cooks and does the buying and cooperates in every way so that I can sew, and he also stays with the children so that I can go to meetings.

Alda: It is no obstacle when both parties get along well, when the laws of the Family Code are implemented, when the couple gives mutual aid and cooperation, and each can study or pursue his profession with full equality for both parties.

Many men do not realize the number of tasks a woman must carry out within the revolutionary process, and their refusal to understand this creates difficulties which threaten married stability, and may perhaps break the bonds which exist.

A part of the difficulty we find with minors who have committed a crime and come to hearings is to be found in the lack of cooperation by the father in the education of the children, for often he leaves this task to the mother, and the children of divorced parents only receive food money from their fathers, in many cases.

As to having children, a woman should first be mature in many respects, above all ideologically. In addition, material limitations should be taken into account, and she should be sure of being able to support the child without falling behind in the activities society expects of her.

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'PRENSA LATINA' CORRESPONDENT INTERVIEWS FPL LEADER

Havana JUVENTUD REBELDE in Spanish 26 Feb 80 p 2

[Report on interview with Ana Maria by Mario Menendez Rodríguez, special correspondent for PRENSA LATINA]

[Text] Somewhere in El Salvador, 22 February--Ana Maria, an extraordinary woman, holds the second position of great responsibility in the high command of the Farabundo Martí Popular Liberation Forces [FPL].

Forty percent of the Revolutionary Council, the highest body of the political-military organization, consists of women.

Information of this type, unknown up to now, could only be revealed by PRENSA LATINA, because, also for the first time, a newsman invited by the Central Command had the historic opportunity to attend the final phase of what in essence, and because of its characteristics, was the recent congress of the Farabundo Martí FPL, that is, the Sixth Meeting of the Revolutionary Council, which brought together the most valuable, veteran and responsible cadres in all areas of work: organization, militia, guerrilla, army, mass organizations, finances, agitation, propaganda, and so forth, cadres tempered in the midst of the people, in the crucible of an intensive struggle which does not recognize age as a handicap.

Surprising indeed is the participation by Salvadoran women in the leadership of the war, particularly if one considers the panorama of social oppression which is accentuated with respect to women.

In the interviews held after the closing of the Sixth Meeting of the Council, and in a country where 80 percent of the homes have been destroyed, this newsman confirmed the decisive presence of women in the national military committee of the Central Command.

Elsewhere, PRENSA LATINA witnessed the dramatic death in combat of a young woman of 19 years-of-age, Patricia, during the attack on the National Guard General Headquarters. She was a member of the guerrilla leadership of a zone of the country. Her unidentified body was taken

by repressive personnel to a morgue. However, that same night, members of the Farabundo Martí FPL recovered it and took it to the offices of a union where a wake was held by workers and townspeople. The following day, Sunday, several thousand people put on an impressive demonstration of public grief. On the way to the cemetery, workers and students took turns shouldering the coffin with the remains of Paula Emilia Osorio, the "Patricia" of the clandestine forces.

"Eva," "Ursula," "Rumalia," "Juana Montano," among others, had already preceded Paula Emilia on that same trip.

Day after day the struggle becomes more intense, the war spreads and intensifies...

The gigantic demonstration on Tuesday 22 January, which gathered 300,000 Salvadorans in the capital of this tiny country, was attacked with unusual savagery by all the regular and irregular troops which serve the 14 families. Fifty demonstrators were felled by the bullets of the G-3 and another 230 persons were wounded. However, the figure would have been much greater if the self-defense units of the Farabundo Martí FPL, National Resistance, Communist Party and the People's Revolutionary Army had not been present. There were many women among them who fought bravely to protect the people, who were expressing their unconditional support for the agreement on unity of action by the revolutionary and democratic forces.

The spirit of unity prevailing on a national scale can be evaluated as of precisely that brave and extraordinary popular expression of that Tuesday 22 March. If, despite the threats of genocide, 300,000 persons decide to gather in a city such as San Salvador, which does not yet have a million inhabitants, that means that the will to unite, add and multiply to accelerate the end of the present system of social injustice is united and determined.

Elsewhere, many guerrilla and militia women took part in the battles of preinsurrectional type, which took place between Thursday 24 January and Sunday 27 January in Coatepeque and another nine cities militarily occupied by the Farabundo Martí FPL...Some women were killed and their names follow that of Paula Emilia Osorio.

Strict Secrecy

Since the revolutionary war in El Salvador is difficult, complex and intensive, security measures surrounding the holding of a several-day meeting by the members of the highest body of the most important political military organization in El Salvador, also had to be extreme.

Sometimes the newsman was kept in a sack in the rear of a vehicle; other times, most of them, with eyes closed and his head down; on occasions there were long walks, following the peasants along paths discretely watched by children and women; hours of tension before arriving at a place guarded by persons carrying modern weapons. Inside, without exception, they had their faces covered with the already traditional hoods. The council members could not identify the newsman, nor he them. Moreover, only the revelation of the identity of the highest leader of the Farabundo Marti FPL, Salvador Cayetano Carpio, was authorized.

A Structure of Armed Commandos

According to the development of the Farabundo Marti FPL, its process did not follow the traditional principles which accent the need for the structure of a party with political cells from which emerge the military units.

In the case of the Salvadoran revolutionary organization, the starting point was a simple guerrilla structure, which in its dialectic movement follows an upward line toward something more complex, that is, it is aimed at the creation of a class party and it gives rise to a quantitative and qualitative advance in the struggle of the dispossessed masses.

We then asked Salvador Cayetano Carpio:

"Is the appearance of the Farabundo Marti FPL rooted in the concept of the guerrilla activity center [foco guerrilla]?"

The most prestigious leader of the Salvadoran working class answers:

"One must remember that the revolutionary bases himself on one objective reality; the knowledge of his objective reality so that he can later change it...And what was our reality?"

"Let us see:

"The initial group practically began from zero. It lacked logistic support, infrastructure, money, weapons, and as if this were not enough, it had no military equipment. But at that moment it was necessary to show the people that on the basis of their own strength, they should, and could, use weapons against their enemies...A choice had to be made then between postponing the solution to that need and providing the people with organizations which up to then were incomplete and had already shown their lack of efficiency as complete means of struggle, or create armed commandos. The latter was chosen...

"Of influence in the decision is the fact that we comrades who made up the Farabundo Martí FPL were mainly workers who had been born close to the working class, had led their struggles in a very combative manner, had acquired experience and had an awareness of the needs of the working class. We came to the conclusion that after so many years of military tyranny, the way to elections was closed in our country and that the unions by themselves were not an effective means for leading the people to liberation. We were convinced that the struggle limited to the political areas, particularly the peaceful and legal, was closed to our people...Therefore, what had to be done was to make the people trust in their capability to learn other forms of struggle...That is why instead of the party structure we began by creating armed commandos..."

The People Make the Revolution

The man who knows the innermost and terrible being of a society at whose summit there is a machinery of all-out terror; a man who for more than a year remained isolated in the secret jails of El Salvador where he was subjected to cruel and sadistic tortures; the leader who day by day defies death at the side of the dispossessed; the author of "Secuestro y Capucha," Comrade "Marcial," emphasizes:

"After years of struggle at the side of the working class, we were absolutely convinced that the people were capable of making the revolution and we knew the enormous power of those people, not only in theory but in practice...Therefore, only if the Salvadoran people joined in the struggle would the change in the society of exploitation to one without exploited or exploiters be possible...That is the reason it was necessary to begin with the creation of armed commandos..."

"However, it is necessary to emphasize that from the beginning we conceived our line of action in terms of a joint action...The armed commandos, or rather the guerrillas, did not consider themselves to be the absolute means for the revolution but that they were simply the primary units whose mission consisted of telling the people about their capability to use other means of struggle and at the same time, to bring them into the armed struggle as well as to other forms of popular struggle in which we were deeply involved.

"Thus, the first armed commandos were created with the dialectic concept that they should initiate a work aimed at the masses and among them..."

"In that way, in a very few months, the political-military plan for the organization became a complete reality..."

"In fact, if one did not consider that it was part of the dialectic concept of a process, it could have been said that it was a matter of a military plan...

"In a brief period of months our organization attained a military and political configuration, although, actually, it was a developing idea, a dialectic idea; the idea that the people are the ones who must carry out their revolution and that if in an incidental or necessary manner we had to begin by creating the guerrillas, this was a transitory matter within the framework of an overall plan which considered the people as acting in, and knowing all the means and forms of struggle...

"That separated us completely from the idea that the guerrillas by themselves can carry out the revolution in isolation from the people; that they are the ones who replace the people in their basic task of accomplishing their own transformations..."

Personal Experience and That of Others

In April 1967, El Salvador, ruled by a military, despotic government, was the scene of an unusual and revealing event: the unity of workers' action made possible a general strike decreed in solidarity with the workers of Empresa Acero, S.A., located two kilometers from Zacatecoluca, which won the right to strike for all.

Salvador Cayetano Carpio, then leader of Salvadoran bakery workers and one of the architects of that incident, analyzed that historic moment of the union movement of his country in a pamphlet titled "The April 1967 Workers' General Strike," which was recommended for study by Central American workers.

Thirteen years later, he tells the newsman:

"With all honesty we can say that from the beginning we put aside what has usually been called and known as the 'guerrilla activity center.'...

"In that respect we were greatly helped by the experience of some guerrillas in South America and other countries, who adopted a system separated from the people, did not approach the people to organize them, and succumbed to militaristic ideas...

"After acquiring the support groups, we acquired a certain influence in the midst of the working class and the student movement...Our activity however, had greater influence among the teachers...

"In 1974 we had the capability of deploying toward the rural workers and the poor peasants and a great number of people joined us. This provided us with the true picture of the relationships existing between the

guerrillas and the movement of masses and that of mutual influence and their interrelation...This allowed us to abandon erroneous ideas we had seen in other revolutionary organizations...

The Need For a Party

"Marcial" continues:

"It is obvious that as their influence grew among the masses, a foundation for the development of the guerrillas was created, and as the combativity of the masses increased, a great base for popular violence was created in the self-defense units of the masses and popular militia...It is obvious that all this in turn contributed to creating the conditions and the need for a political vanguard structured as a party...

"Without a party it was impossible to lead such a widespread movement... it was necessary to adopt the structure and essence of a Marxist party of the proletariat; it was, and it is, impossible to lead such a widespread movement....

"Then, apparently by unorthodox means, at a certain period of development, we arrived at what seemed to be what we should have started in the first place...Actually, we began by creating the conditions, which in turn began to create the Marxist party of the proletariat, with the masses, with the guerrillas, with the army, with the militia, with the people in arms and a people in struggle for their immediate rights.

We Began Where We Should Have

The highest leader of the Farabundo Marti FPL says:

"It seemed to us to be a simple explanation of dialectics: apparently a beginning was being made which was in reverse of what it should be, however, a beginning was actually being made from the proper place, given the specific conditions under which the organization had to begin working...Now, we are building an ever-growing party with cadres who are very experienced in the struggle, a Marxist-Leninist party which leads the guerrilla, the popular militia and the army...the masses are joining...and the people led by a vanguard are taking all the cause of the revolution into their hands...

"It seems to us that this is Marxism, although we began with armed commandos, because the projection is dialectic and under the conditions of our country it was the most suitable; that has not happened only with us, it has also happened with other organizations created more or less under similar conditions.

From the Simple to the Complex

"The experience of the Farabundo Martí FPL has some interesting aspects," "Marcial" points out, "in the first place, we did not pose the problem of 'guerrilla or party? which comes first? which has priority?' in an artificial manner. Much less did we pose a conflict between the guerrilla and the party. No, we did not involve ourselves in those anguishing conflicts of intellectuality nor did we bog ourselves down in the dilemma of whether we should wage an armed struggle or a political struggle... We dealt with the objective reality in a simple manner: from the simple to the complex, with an apparently unorthodox, but profoundly dialectic plan. In our opinion, there was no reason for pitting armed struggle against political struggle, but rather they should be combined and promoted. The same applied to the party-guerrilla relationship, since both are part of the process of Salvadoran society development, a dialectic process in which naturally the leadership belongs to the revolutionary vanguard. And we say the same with respect to the guerrilla-people, guerrilla-struggle relationship of the masses. Everything is merged and interrelated in such a manner that it gives a greater acceleration to the social liberation process.

"If we speak of the combination of all the forms and means of struggle, if we believe in uniting, adding and multiplying, how then, can we pit one against the other?

"The problem resided--and we have already emphasized this--in the need for the people to learn one more means of struggle, however, one of a higher quality: armed struggle, and that they have faith in their own strength. That is the reason for being of the armed commandos...

"However," says Salvador Cayetano Carpio, "we began the difficult road convinced that only the people could transform society and, therefore, it was important that they join an integral process on the basis of a political-military strategy led by the working class in alliance with the peasants...

"This transition becomes more expeditious in the degree in which social classes, groups and sectors join. The objective is the popular revolutionary alliance, whose strength and guarantee of continuity and development depend on the scope and proper leadership of the party of the proletariat, the guide of the entire process which includes the struggle of the mass organizations, the guerrillas, militia and army; the struggles which range from the struggle being waged for immediate elementary rights to military battles.

"That is why," concludes "Marcial," "from the beginning there has been a principle of ideological, political and military consistency in the Farabundo Martí FPL."

GUATEMALA

POSTPONEMENT OF ELECTIONS CONTROVERSY CONTINUES

Mayors Call for Delay

Guatemala City PRENSA LIBRE in Spanish 27 Feb 80 p 4

[Text] Mayors in the central, southern and western parts of the country have agreed to ask of the president of the republic, Gen Fernando Romeo Lucas, that municipal elections not be held this coming April, but that they be postponed until 1982.

The reason is that the citizens and the politicians are not in a position to compete in elections and it is preferable that this be done in 1982.

Journalist Walter Juarez Estrada, in charge of public relations for the municipality of Mixco, stated that this resolution was adopted during a session held by the aforementioned mayors in Quezaltenango day before yesterday.

The situation in which the National Association of Municipalities (ANAM) was analyzed at that meeting, and a commission was appointed, including the heads of the councils of Quezaltenango, Huehuetenango, El Quiche, San Marcos and Mixco to apply for an interview with the president of the republic to set forth to him the problems faced by the ANAM.

Moreover, they will give him the reasons for which the national assembly of municipalities scheduled for last November was not held, and in particular they will urge that the elections scheduled soon not be held for the reasons mentioned.

The mayors want the executive branch, taking the reasons they set forth into account, to draft a law to be submitted to the congress of the republic so that the elections will not be held this coming April but postponed until 1982.

The mayors believe it desirable that the elections be held during the general elections scheduled for 1982 to elect the president and vice-president of the republic, congressional deputies and the mayors of the leading municipalities.

If the elections are postponed to the suggested date, our informants said, the present mayors will have to remain in their posts until 15 June 1982.

The mayors said at the meeting mentioned that because of the political crisis through which the country is passing the residents of the municipalities have no intention to participate in the elections, and thus they hope that President Lucas will grant their request.

Official Says Postponement Impossible

Guatemala City PRENSA LIBRE in Spanish 27 Feb 80 p 4

[Text] "According to the constitution of the republic, municipal elections cannot be postponed overnight, as a certain number of mayors in this country want," the undersecretary for public relations at the office of the president, Maj Rolando Archila Marroquin, said yesterday.

Reporters asked the official about the position of the government where the attitude of a number of mayors in the country who have asked the government for postponement of the elections until later and the extension of the term of office in the municipalities (not departmental capitals) from 2 to 4 years.

Archila Marroquin said that according to the legal terms of office established by the constitution of the republic, the government cannot make decisions of this sort. This task falls to the electoral registry council, which is an autonomous body.

"In other words, then, the mayors, as any citizen can do, since we are living under a democratic system, should channel these requests to that registry council, but not directly to the government.

"On the other hand," the government spokesman went on to say, "there are just a certain number of municipalities which want the elections postponed, not a majority.

"Elections are one of the characteristics of the democratic process and they cannot be left for later just like that, in one fell stroke or overnight.

"It is for the electoral registry council to weigh this request in accordance with the legal requirements existing in Guatemala."

The Municipalities' Request

According to press reports, some municipalities led by Quezaltenango have asked that the elections, both for the municipalities as well as for the president and deputies, be held at the same time.

In other words, what is wanted is that there be no partial elections, because the process has now been in practice divided. They are also asking that in the municipalities, where the council term of office is 2 years, a change be authorized so that elections will be held every 4 years.

GUATEMALA

MLN SCORES U.S. INTERFERENCE IN CENTRAL AMERICA

Guatemala City PRENSA LIBRE in Spanish 26 Feb 80 p 4

[Text] "The National Liberation Movement (MLN) has been profoundly amazed to learn of the bold statements of the Carter administration's State Department, in connection with its abusive attitude of direct intervention in the domestic policy of the republic of El Salvador," a press communique stated.

"The role of the United States in the Nicaraguan tragedy was a sad one," the communique went on, "since they manacled the national guard by means of an iron blockade, while the international communists, with the protection of the politicians in the U.S. State Department, constantly reinforce the Sandinist front with mercenaries, weapons and ammunition in large quantities.

"Sadder still today," the communique said, "it is the role played by the new big stick policy, with the shameless declaration that 'the United States has informed the military leaders of El Salvador that it will cancel all military and economic aid to that country if the present government is overthrown by a coup d'etat The American embassy in El Salvador has been in touch with the officers who might head a coup Not only will we refuse support, but we will oppose any government'

"Why is Uncle Sam so shocked," the communique asked, "at the Russian invasion of Afghanistan? Isn't the Carter administration doing the same thing in El Salvador? At least the Russians have the courage to do so in the open and for their own benefit, while the Yankees make use of diplomatic pressure, with no use for the Russians.

"When Russia attacks a country it does so 'arms in hand,' while Uncle Sam's attack is effected 'money in hand,' as they say. But neither El Salvador nor any other of our Latin American countries wants charity, for 'we little fish are wary of the sharks,' and in full voice we shout 'Russians out of Afghanistan! Yankees out of El Salvador!'

"The role of the United States of America," the MLN stated, "should, now that it has fully reached its majority in age, involve a more democratic approach in the United States, to obtain relief from the iron rule imposed by the two-party system which prevents true popular representation from existing.

"This same people," the communique repeated, "should demand that the reelection of a president be prohibited, in a truly democratic sense, to avoid the risk of betrayal by two consecutive terms of office and so that alternation in power will allow the advancement of this people who only work for a cold and merciless Treasury Department.

"That people," the MLN asserted, "should demand that the government practice what it preaches and that Carter cease to use the machinery of his government to impose his nefarious so-called human rights policy, and thus perhaps the United States of America can redeem its good name and its old friendships and great power, nowadays hopelessly being lost thanks to incompetence or betrayal.

"Meanwhile," the communique concluded, "we Latin Americans must fight for our freedom, against all and everyone, even though this displeases some."

5157

CSO: 3010

MILITARY OFFICERS EXPLAIN SUBVERSION, OTHER COMMENT

Army Targeted by Subversion

Guatemala City PRENSA LIBRE in Spanish 3 Mar 80 p 2

[Text] The essential objective of subversive war military strategy is that of weakening the army, disrupting military discipline, creating dissension in the ranks, the daily distortion of the image of the army and making it lose touch with the people. The army is the only force that can oppose subversive war in an orderly fashion.

This is emphasized in a broad, interesting technical analysis by several military men, among whom are prominent strategists of the Guatemalan Army.

This explanation will be presented today, Monday, at 2000 on the program "Valores de Guatemala," directed by newsman Federico Zelaya Bockler on television Channel 5.

The defense of the country is an action put into execution when its security is endangered. It must be total, and all active forces with their political, economic, social, and military fronts, when applicable, must participate in it.

Participants in the program will also point out that military action is an essential part of the effort for the defense of Guatemala and they will prove to Guatemalans that their army is organized, equipped, trained and motivated to act effectively when circumstances require it.

Five military men will take part in this very interesting forum: Air Force Col Pilot DEMA [Air Force Staff Department] Roberto Jose Francisco Salazar Asturias, vice minister of defense; Infantry Col DEM [Staff Department] Hector Alejandro Gramajo Morales, Chief of the Staff Department of the Military Studies Center; Infantry Col DEM Jose Angel Castellanos Gongora, deputy chief of the Third Section of the Staff; Cavalry Col DEM Marco Antonio Castellanos Pacheco, chief of Army Public Relations; and Naval Capt DEM Jose Antonio Contreras Roca, deputy chief of the First Section of the Staff.

They will analyze the position of Central America, which they describe as "the quicksands" of the American Continent, within the framework of the competition of the superpowers to extend their zones of influence.

They will point out the various categories today presented by the countries with respect to the interests of the superpowers. They will examine the cold war, conventional war and subversive war. The latter subject is considered one of the most interesting discussed up to now on a television forum in Guatemala.

Armed Forces Concepts Changing

Guatemala DIADIO DE CENTRO AMERICA in Spanish 12 Mar 80 p 2

[Article by Luis Simon: "Toward a New Philosophy of the Armed Forces"]

[Text] The subversive trends, which have been distorting historical reality and undermining the foundations of our Latin American nationalities, seek to destroy our armed forces.

Today as never before, it is necessary that the function of the armed forces as faithful guardians of constitutional legality, security of citizens, self-determination of people and national sovereignty, be understood.

However, in addition to those important functions stipulated by the constitution and laws, the armies are the most ideal instrument for social change, progress and development people have today. From a passive and vigilant institution, the armed forces have become--and where they have not done so, they have to do it, as in El Salvador--the only force capable of saving the country from chaos and terrorism and for bringing about the changes needed with the order necessary in a civilized and cultured society, which loves its cultural values and its patriotic symbols and which safeguards its future with the same devotion with which it remembers its past.

It is necessary, therefore, to sort out from among the confused tangle of contemporary events, the role our armed forces must play, not only in Guatemala, although primarily here, but in all the countries of the so-called Third World, to prevent the disoriented "academicians," who only see reality with the left eye of their prejudices, the theoreticians of terrorism and the teachers of subversion, from continuing to send unthinking young people into the butchery of terrorism, while they sit in their comfortable offices.

Today's writer, newsmen and publisher has a more sacred duty than ever before. His only commitment is to truth, as it should always be for those who devote themselves to thinking. Goethe emphasized that he desired and preferred order to freedom, and the illustrious German teacher, sage among sages, never experienced the chaos and disorder, which with malice and insidious calculation, many teachers and theoreticians who have incited the people against the armed forces are trying to introduce, attempting to create a pit and an abyss so that they can then fill it with innocent blood and over these victims tread their way to power.

There are so many examples existing today that it would be useless and unnecessary to mention them. Communist agitators continue to preach "against the army," but when they attain power, the first thing they do is create their own army and with it they establish the dictatorship of the proletariat with which its group of party fanatics rules all the proletariat and society. The Soviet Union has created and developed a prodigious killing machine. Its famous Red Army is feared and also rejected by all the countries it occupies with the fierceness of Ghengis Khan. The very contemporary example of Afghanistan reveals and illustrates it once more, but the slaughters of Budapest, the Polnai Forest in Poland and the selective machinery of terror with which it crushes all dissidence and suspicion, reveal its unbridled and lawless terrorist and militarist structure.

The armies of our nations are ruled by law, are faithful defenders of the constitution and tend to curb themselves because of a constitutional inheritance and love and respect for the law and their brothers, something which neither the communists nor their thugs know or heed. Moreover, in Chile, Argentina, Brazil, Uruguay and Paraguay, wherever the red tide, which like a wave of political and psychological pollution advances, has been contained and curbed, wherever order has been maintained, the armies of Latin America have become a tool for transformation, change and progress.

What is the modern relationship between political parties and the army? What is the modernizing contribution to its country by a modern and constitutional army? What is the army contribution to the new generation of patriotic youth, who prefer their national flag to the invading red flag proposed to them by traitors? What is the function of the army in the modern situation of accelerated but balanced development which promotes social justice to the maximum? What is the function of the army with respect to other armies and countries where extensive changes have taken place which affect national sovereignty? What are the functions and relationships of a modern army with the respect to the peasants, unions, workers, citizens, free institutions, the press and the uncontrollable wave of modernization which transforms our countries and heads us toward a self-sustained and accelerated, self-sufficient and interdependent development? It is necessary to analyze all the factors

which influence the safeguarding of our legitimacy, our law, our freedoms, the balance of powers and also the necessary repressive action, that of a gardener pruning and suppressing the excesses and subversion used by the forces of chaos and subversion, who use freedoms to eliminate them.

A new philosophy on the armed forces has been born because of events. It is being born in the minds of everyone and it is necessary to become aware of this phenomenon and interpret it theoretically. We shall devote ourselves to that and we invite others to think on the subject, which in no way is restricted to specialists because it affects all of us and we must all express our opinion on the common good.

Officers Explain Subversive Objectives

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 13 Mar 80 pp 3, 5

[Editorial: "Distinguished Military Men Enlighten the People on the Perverse Objectives of Subversion in the Country"]

[Text] The most diverse sectors of public opinion believe it proper that distinguished Guatemalan military men technically and clearly explain the objectives pursued by subversion in the country and the types of strategy it employs to achieve them.

These statements were made recently on the program "Valores de Guatemala," carried by television Channel 5.

Summarizing and defining those objectives, Infantry Col DEM Jose Angel Castellanos Gongora said the following:

"1. In political strategy, the objective is to divide the Western World, decrease its unity, create gaps and exploit the so-called 'contradictions.' The procedures used are:

- a. Exerting political pressure in favor of the communist bloc.
- b. Discrediting existing government systems.
- c. Separating the popular masses from the state institutions.
- d. Exploiting nationalisms.
- e. Exposing or alleging corruption and lack of administrative morality.

2. In social strategy, the objective is to create and intensify social contradictions for the benefit of the struggle. Procedures:

- a. Promotion of class struggle.
- b. Creation of religious problems.
- c. Exploitation of regional antagonisms.
- d. Disintegration of the family as the basic unit of our society.

3. In economic strategy, the objective is to worsen existing economic problems. If they do not exist, they must be created. Procedures:

- a. Emphasize the inequalities among economic classes.
- b. Provoke strikes and trade union conflicts.
- c. Provoke acts of sabotage which will paralyze industry and production.

4. In psychological strategy, the objective is to create a new awareness which favors its objectives. Procedures:

- a. The spread of communist propaganda.
- b. The neutralization of traditional moral and religious doctrines.
- c. Exposing administrative moral and religious shortcomings.

5. In military strategy, the objective is to weaken the army (the only force which can oppose them) systematically, making it lose touch with the people. Procedures are:

- a. Disruption of military discipline.
- b. Distortion of the image of the army every day.
- c. Creation of dissension in its ranks."

Air Force Colonel, P.A. DEMA, Roberto Jose Francisco Salazar Asturias, vice minister of defense, concluding the aforementioned program, said that Guatemala is the victim of the international struggle for control of the world because of its geographical location, among other things.

He added that our present problems, typical of a developing country, are maliciously magnified to facilitate subversion, bringing with this a feeling of insecurity.

He said that if this insecurity is not thought about carefully and the problem in all its scope is not understood, there can be disastrous consequences for our dear and beloved country.

The security of the country, he said, is a feeling, a sensation and a psychological state; it is the relative degree of guarantee that by means of political, economic, psychological or military actions, a state can provide for the nation at a certain time for the accomplishment and safeguarding of its national objective despite existing antagonisms.

Colonel Salazar Asturias added that Guatemalan security is the responsibility assigned by the constitution to the institutions of the state. The army is an indispensable and permanent institution of the state and is, therefore, one of the essential instruments for guaranteeing domestic and external security of the country, the fundamental basis for work and development.

On the other hand, he said, the defense of the country is an action which is executed when that security is endangered. It is total and all the active forces of the country with their political, economic, social, and when necessary, military fronts, must participate in it.

Finally, Colonel Salazar Asturias said: "Military participation is an essential part of the effort for the defense of Guatemala and we assure the Guatemalans that their army is organized, equipped, trained and motivated for acting effectively when circumstances require it."

Defining the concept of "revolutionary or subversive war," Navy Capt DEMA Jose Antonio Contreras Roca said that it is "thought of as the struggle between a constituted government and organized rebels, generally supported from abroad, who operate violently inside the country with the objective of bringing about the destruction or overthrow of the government."

It has been thought that it is very proper and timely that this type of explanation be made in Guatemala because one of the actions of political agitators and terrorists is focused on seeking the support of the majority sectors of the population, employing deceit and taking advantage of their ignorance and lack of enlightenment.

8908

CSO: 3010

PINU LEADERS DISCUSS PARTY POSITIONS

Election of President

San Pedro Sula LA PRENSA in Spanish 21 Feb 80 p 2

[Text] Political leader Recaredo Radillo has stated that "both as president of the Innovation and Unity Party (PINU) in San Pedro Sula and personally, I believe that it is the people who should elect the next president of the republic. Repeatedly we have said that the people are sovereign and this is how they should exercise their sovereignty.

"In this connection the pettyfogging of the writers of treatises who give assurance that the people can delegate this sovereignty and continue to be sovereign has no importance. This too should be decided by that same people."

He added that he does not believe that the national constituent assembly should appoint the president "because these are two very distinct votes: the assembly will be elected specifically to draft the constitution, in which the way in which the president will be elected will be specified.

"This is the reason for the importance of the deputies elected to the assembly, who must wage a battle to see that the constitution clearly establishes that the president must be elected by the people."

Radillo pointed out that not only should the president be chosen by popular vote, "but also, in addition to the deputies to the national congress, so should the governors and mayors and even supreme court magistrates. Only with a government elected on this basis will we be practicing democracy."

Members Key to Party Change

San Pedro Sula LA PRENSA in Spanish 21 Feb 80 p 22

[Interview with PINU leader Miguel Andonie Fernandez]

[Text] "The Innovation and Unity Party does not fear any attempt to attack it legally, first of all because it has met all the legal requirements,

and secondly, because if one of the old parties were to challenge the will of the PINU members, it would be committing political suicide. Worse still, it would cancel out the electoral process which is underway, which has been encouraged by our political body in the search for an institutional solution at this most difficult time," said Dr Miguel Andonie Fernandez, highest leader of the new party, on being asked if the caution shown by the PINU in announcing the slate of its candidate deputies for the constituent assembly reflects a fear that it can be legally attacked.

Andonie Fernandez added that "the exclusion of the PINU from this electoral contest would leave broad sectors of the country with no opportunity to promote the structural changes it needs, and in order to carry out these necessary structural changes, the PINU is the sole alternative."

On the other hand, the well-known leader further said that "the PINU candidates have been selected on the basis of merit and patriotic dedication. We have not announced the names in order to do so in serious and responsible fashion when all the documentation is ready.

"There was a choice of candidates within the PINU, and none were imposed. Many candidates did not even expect to be selected and this has caused a delay in obtaining the documentation required by law which, let us say in passing, it is not so easy to obtain."

In connection with the deputies, we asked Dr Andonie Fernandez if the choice of lawyer Cesar A. Batres, said to be of known nationalist affiliation, could cause some ideological confusion within the PINU, if he were to be elected to the constituent assembly. We also inquired if the gentlemen who did not belong to the party had joined with or without prior commitment. Fernandez answered:

"Those who term Cesar A. Batres a dyed-in-the-wool nationalist forget that this distinguished citizen has rendered major services to our fatherland without political sectarianism, winning the admiration and respect of all worthy citizens. Now he is offering the younger generations a further demonstration of civic nobility, joining the PINU in order to establish a new economic, political and social reality in Honduras. Cesar A. Batres is no stranger to this innovative thinking."

[Question] In this connection, the "ideological confusion" you mention or support of the PINU are secondary, since the party is interested in its members' support of its basic goals—giving Honduras the new political, economic and social structures it needs to maintain social peace and citizens' freedom.

Now then, you have rejected nomination, but this attitude has been interpreted in various ways. Some say it was because you did not want to risk an electoral defeat. What can you say about this?

[Answer] My refusal of the leading position as candidate deputy for Francisco Morazan or Santa Barbara was precisely motivated, among other things, by the unanimous goodwill expressed by my party comrades in asking me to head the slate for one or the other of these departments. This recognition and confidence plus the decision of the central board and the support and political commission to regard me as the highest electoral authority led me to this attitude. It is my intention to work tirelessly so that the PINU can continue strengthening as the tool of a new open national political approach to the economic and social changes which the country needs, within the framework of representative democracy.

The suspicion this question reveals is a logical result of the mystification of citizens' conduct caused by the extreme personalism which has prevailed in the traditional politics of Honduras. Even decisions suggesting sacrifice are questioned, and ulterior motives are sought, but in this particular case my conscience is clear because my decision is the product of calm reflection.

The PINU and its leaders are showing by their deeds that the changes they are promoting are beginning with the drastic change in the conduct of its members.

[Question] As to what your party is, a matter of quality or quantity, what do you have to say?

[Answer] Any evaluation of the quality or quantity of the PINU must be made by the citizens of Honduras, who will reveal their civic development in the electoral contest which is approaching.

The people are faced with a situation never before seen in Honduras. Therefore, the opportunity the voters have to cast their ballots in conscientious fashion is a great responsibility for them. The people of Honduras have at this time the alternative of tradition or innovation. We are only providing the tools for change: it is the citizen who, in voting for the PINU, will be opening the door to change in peace and freedom.

[Question] Of course, but your name is synonymous with your party for many. What would you say about this?

[Answer] Whenever my name is mentioned in association with the PINU with deliberate evil intent, it offends and shows disrespect for thousands of our compatriots, men and women, who have struggled for 10 years to organize a political party.

This evil intent is a part of the sterile effort those allied with the past are making to deny Honduras an opportunity for new political choice. Fortunately the PINU has matured, grown and defined itself in the past decade, with its own ideology.

The PINU is the realization of a national ideal, translated now into a need by the historical circumstances of the moment.

Those who attempt to ridicule the PINU by linking it pejoratively with my name would have to deplore it if this new party did not exist.

The PINU is the only novelty in politics in Honduras. This is the reason for the effort to destroy it.

If I can claim some merit, which I do not, it would be having communicated to my comrades the faith and confidence in their own creative strength, to be channeled into the struggle to build a new Honduras, based on the principles of a social democracy.

[Question] If we should have first-level elections, would you run as a candidate if your party asked you to?

[Answer] Allow me to answer that by recalling our beloved and respected first president of the PINU, engineer Miguel Angel Rivera (may he rest in peace), who often said: "Let us not cross the bridge until we come to the river."

[Question] To synthesize what you believe, what alternative do you believe your party offers?

[Answer] Currently the PINU is the only different political choice, because it represents thinking rooted in the national need for transformation of society in Honduras. It is a real alternative because it has the human elements enjoying respect and credibility with the citizenry.

These two factors, the human element and transforming thinking, offer the people of Honduras an opportunity to use their votes to effect the much-desired change. Change in the men who direct the destinies of the nation, change in the economic and social structure in Honduras, true respect for freedom, true exercise of honesty, an end to political sectarianism.

The PINU represents one of the new paths leading to a promising future for the fatherland, free of the negative past. The people of Honduras will face this choice on 20 April 1980.

[Question] What would you say to those who accuse the PINU of being a refuge for some elements who no longer have anything to offer in the traditional parties?

[Answer] In justice, the terms of this question should be reversed. The thousands of citizens withdrawing from the traditional parties are doing so because these political organizations no longer have anything to offer our country.

[Question] To conclude, Doctor, you have said through some spokesmen that the traditional parties have no legal status, but that they operate de facto. Is this the case with the PINU?

[Answer] The legal status of the traditional parties has no practical importance. Both were established during the revolutionary and other fratricidal struggles of the 19th century. We all know that the existence of these two political bodies has been publicly recognized by means of certain legal facilities. Their presence in the country creates no objections. What should indeed concern the conscious citizenry is the conduct of the new leaders of these political organizations. Their weakening is being facilitated with the manifestation of intolerance toward the new political trends like the PINU, which has been subjected to legal requirements they themselves have not had to meet. The existence of new political organizations gives life to pluralism on the national political scene, since the present similarity of goals and attitudes in the two traditional parties suggests the likelihood of their imminent merger.

To the satisfaction of the members of the PINU and as a compensation for the effort pursued for 10 years, the PINU holds legal registry number 1 in the first registration of political parties in the history of Honduras. This too is a reality to which there can be no objection.

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CSO: 3010

WILLY BRANDT REGRETS JAMAICA BREAK WITH IMF

FL262309 Kingston Domestic Service in English 2230 GMT 26 Mar 80 FL

[Text] The President of Socialist International and former West German Chancellor, Willy Brandt, has expressed regrets that Jamaica had to break off with the IMF and he deplored the fact that the Fund didn't find it possible to propose acceptable terms to the Jamaican government.

He was speaking in an interview with JBC [Jamaica Broadcasting Corporation] news at the meeting of Socialist International now taking place in Santo Domingo in the Dominican Republic. (Monica Hawthorne Campbell) has the details.

[Begin reporter recording] In expressing regrets at the way things have turned out, Mr Brandt said that up to a month ago when he held discussions with the managing director of the Fund [name indistinct], he got the impression that something could have been worked out. He said the members of Socialist International could be persuaded to assist Jamaica in the difficult period ahead, but he said this would have to be based on some program worked out by Jamaica itself. Mr Brandt said he wasn't up to date on the details of what had transpired in the last round of negotiations between Jamaica and the Fund but that he hoped to discuss the matter with Jamaica's representative at the conference, Senator Paul Miller, later this evening. Mr. Brandt, who addressed the Conference today, spoke of a concept of selective summits. He and Prime Minister Manley and other leaders of the movement were working on this in order to achieve progress on the [words indistinct]. He said that there had been too much (waste) on the matter in the open conference. [Passage of Brandt's own voice remarks indistinct]. From Santo Domingo this is (Monica Hawthorne Campbell) for JBC news. [end recording].

CSO: 3020

JAMAICA

'TRINIDAD GUARDIAN' EDITORIAL: 'NO' TO BAIL-OUT FUNDS FOR JAMAICA

FL261510 Port of Spain TRINIDAD GUARDIAN in English 21 Mar 80 p 12 FL

[Text] There has been no official statement from either government concerning the recent visit of the Jamaican Foreign Minister, Mr P. J. Patterson to Trinidad, and if the ordinary citizen assumes that the visit concerns another petition by Jamaica for bail-out funds, no one ought to blame him if his suspicion turns out to be wrong.

Foreign Ministers do not jet into different countries and consult economic ministers and their advisers and then depart as if they had come merely for a friendly visit.

So that the silence following Mr Patterson's trip leaves us to wonder....

Mr Michael Manley, Prime Minister of Jamaica, hinted to reporters that the visit concerned the proposed aluminum smelter in which Jamaica was still interested and he gave the impression that there had been some enthusiasm on the part of the government of Trinidad and Tobago.

He made no mention about any approach for bail-out funds.

Nevertheless, this might still have been a subject of discussion because the economic and fiscal condition of Jamaica is progressively deteriorating and the means of immediate rescue seem far away.

Our own view is that the state in which Jamaica now finds itself is one that will worsen before the next general elections. One commentator recently observed that if it were possible for any country to be deemed bankrupt that country would be present-day Jamaica.

In such circumstances, then, our view is that if Mr Patterson came merely with cap in hand, a firm "no" must be our only reply.

We have extended that kind of aid to Mr Manley before and it has not helped him stave off virtual economic collapse.

And there are several other West Indian states who deserve at least a similar deal from us.

The fact of the matter is that much of Jamaica's present woes can be traced to Mr Manley's decision to steer his country into the socialist block, his flirtation with the Cubans and his sudden switching of ideological gears which is now having all sorts of jarring repercussions not only in traditional relationships outside Jamaica but also in his own administration.

There is widespread dissatisfaction within the ranks of the Jamaica civil service. Reports are that distinguished and loyal public servants have been "hounded out of their posts by ideological upstarts who have very little to offer the country apart from mindless rhetoric, unbridled arrogance, ideological slogans and fanatical loyalty to the PNP [People's National Party] and its leaders."

One Jamaican commentator observes: "The PNP and its retinue of half baked intellectual advisers have confused, harassed and demotivated civil servants by a crusade against integrity in public administration, based on promoting the doctrine that civil servants should not be objective, but should function as hirelings of the governing party."

If this is how Mr Manley expects to get his government and his administration moving ahead then we wish him luck, but we don't believe Trinidad and Tobago taxpayers would want to help him any further, especially after his gratuitous remarks about us...dose of salts and all that.

All the blame cannot be laid on inflation and on the severe economic dislocation caused by the squeeze plays of the organisation of petroleum exporting countries.

To the extent that Mr Manley's tribulations are of his own making, he has forfeited all rights to sympathy and to easy dollars and we hope that the government of Trinidad and Tobago has told him this in no uncertain terms.

The most satisfying aspect of the Jamaican dilemma, in our view, is the fact that the people will soon have the opportunity to determine whether they want to continue with Mr Manley's socialist dream or to give Mr Edward Seaga and the JLP [Jamaica Labor Party] a change to pull their country out of its present difficulties.

Our sympathies go out to them and we pray that they would make the right decision.

CSO: 3020

VIOLENCE IN KINGSTON AREA DISCUSSED AT JOINT MEETING

FL282230 Kingston Domestic Service in English 2230 GMT 28 Mar 80 FL

[Text] Representatives of the Jamaica Council of Churches, the PNP [People's National Party] and the JLP [Jamaica Labor Party] held their first joint meeting today on the question of violence in the Western section of the corporate area and April 18th has been set as the tentative date for the next round of talks.

Welcoming participants at the JCC headquarters, the council's president, Archbishop Samuel Carter, noted that the purpose of this round of talks was not so much to tackle deep-seated social and economic problems in the affected communities, instead, he said, the aim was to establish dialog on how to eliminate pre-election violence so as to insure a free and peaceful poll.

In discussing possible solutions to the problem, the meeting urged that police patrols be set up in the sensitive areas and that the possible introduction of curfews be examined. Participants also recommended the setting up of an emergency unit which can be sent to trouble areas at the first sign of violence.

It was generally agreed that parties should refrain from publishing unconfirmed and uninvestigated reports [words indistinct] by members of the security forces, and it was suggested that police and press representatives be invited to take part in future discussions.

At today's talks, the PNP team was led by National Security Minister Dudley Thompson, while representatives of the opposition JLP was led by Deputy Leader Parnell Charles.

CSO: 3020

NICARAGUA

'LA PRENSA' SCORED FOR PUBLISHING AP REPORT

Managua BARRICADA in Spanish 28 Feb 80 p 2

[Text] The daily newspaper LA PRENSA, in its issue dated yesterday, Wednesday, carried an article with the eight-column headline "Castro Admits to 'Sea' of Difficulties--Cuba's Worst Economic Crisis" on its international page, summarizing an international cable report from the U.S. news agency AP, presenting a chaotic and apocalyptic picture of the Cuban financial and social situation, creating the impression that this is the result 20 years after the socialist revolution.

The AP distorted matters still further in an article carried in the magazine NEWSWEEK, which has been described as the spokesman of imperialism. In its most recent issue, NEWSWEEK (or the AP, which supplies it) stated that in Cuba "the harvests are rotting in the fields, the cigar factories are closed, industrial production is dropping, and thousands of workers cannot find jobs," revealing an ill-concealed desire for this lie to be the reality. But the slander does not stop there, for according to the same cable report, in Cuba "the black market is flourishing and street crime is on the increase. Although the Soviet Union is continuing to provide the equivalent of \$10 million a day, the economy is not recovering."

Farther on Fidel Castro is attacked, with the statement that this situation has caused "Castro to undertake the most drastic government changes . . . with the removal of nine ministers" in order to monopolize more power.

To top it all, mention of the now-famous and inevitable "anti-Castro slogans painted on the walls" and the "ever-larger number of Cubans seeking exile in foreign embassies" was to be expected.

Postscript

In view of the publication of these baseless statements and the attitude of the newspaper in adopting the statements of the AP in its headline, and thus encouraging profound anti-communist sentiment, the LA PRENSA Workers' Trade Union published the following postscript:

"This type of information with the deception of the periodical by the agency, or vice versa, is typical of the international news services. Taking phrases from speeches and various events and adding them to true reports, they construct their purposeful analyses designed to confuse the masses about the successes achieved in the countries in which the working class is in power. But our people can no longer be deceived."

The workers at BARRICADA support and applaud the revolutionary attitude of the comrades working at the LA PRENSA, who have joined in this "war of information" against the reactionaries and the imperialists.

We remind our people of the importance of this news battle, since we ourselves have been, are and will be victims of such distortion abroad, since the manipulation of world opinion against any revolutionary or progressive movement is pursued through the communications media directly or indirectly controlled by the large United States monopolies.

The directors of the Voice of America and the USIS [United States Information Service] themselves said this, with great self-sufficiency, stating that the agencies in that country gather, edit and redistribute 65 percent of all the news circulated throughout the world, and that they pay 70 percent of the advertising costs imposed everywhere. If to this we add the British and French news agency services, the total comes to some 90 percent of the worldwide news process. In other words, a minority of technocrats determines the nature, slant and volume of news which the rest of mankind will read every day.

5157

CSO: 3010

RELIGION IN REVOLUTION STRESSED

Managua BARRICADA in Spanish 28 Feb 80 p 3

[Article by Pedro Rivera Mendoza: "Is the Christian Religion Being Mocked?"]

[Text] 26 February 1980. "I believe that what is happening to us is what happened when the Christians went in search of Christ. We cannot find Sandino, because Sandino lives again." This analogy was made to 50,000 citizens by Cdr Thomas Borge Martinez on the next-to-the-last day of the "Sandino Lives Celebration," manifesting the spirit of unity among the Sandinist people of Nicaragua.

It is sad and regrettable, as well as vexatious, that reactionary elements claiming to be intellectuals, popular leaders, spiritual guides or representatives of Christ on earth are seeking to confuse the people by the public manipulation of the statements by Commander Borge in a place which should not be profaned (according to the dictates of the Christian church).

One of these individuals referred to above, a spiritual guide of the Catholic flock making use of the pulpit in a church in Granada during the Sunday mass, during a wedding, and during the observance of the anniversary of a death, undertook to tell the parishioners (who came to hear mass) that Commander Borge is mocking the Christian religion.

Any student of basic Spanish, a student of grammar on the lowest level and the least capable of language students can see that Borge's words are an analogy, a metaphor, and not a mockery of religion as the pseudorepresentative of Christ on earth claimed. I believe, however, that some similarities between Sandino's action and the work of Christ can be made without committing a sacrilege."

Christ said: " . . . I have been sent to free the oppressed."

Sandino said: "My sword will redeem the oppressed."

Christ said: " . . . Love thy neighbor as thyself."

Sandino said: " . . . Let the worker (neighbor) not be humiliated or exploited--our humanitarian hearts have been opened."

Tomas did not mock religion. Those who avail themselves of the "pulpit of Moses" in an attempt to defeat and confuse the people make a mockery of it. Those who bless the weapons so that the national guard can kill the people mock it. Those who, ignoring the law (Word of God), teach the commandments of "men" make a mockery of it. Those who use religion to seek to maintain obscurantism, those who twist the simple message of Christ's gospel in an attempt to conceal their petty and egotistical interests make a mockery of religion.

We are no longer in the era of the inquisition, nor the epoch of obscurantism, nor the terrible night of St Bartholomew. Our people should not allow themselves to be confused by these petty priests who instead of guiding them dialectically in the correct interpretation of the Christian doctrine entangle it in inconsistent sophistry.

As Christ was reborn in his disciples, Sandino is reborn in his apostles--Carlos, Ricardo, Silvio, Julio, Juan Jose, Pedro and the whole Pleiades of revolutionary martyrs.

5157

CSO: 3010

PERU

ECONOMY MINISTER DISCUSSES ECONOMIC, FISCAL POLICIES

Lima EL COMERCIO in Spanish 25, 26 Feb 80

[Interview with Economy and Finance Minister Javier Silva Ruete by Hugo Cabrera Arca and Carlos F. Morales Camarra; date and place not given]

[25 Feb 80, p 6]

[Text] [Question] Mr Minister, has the economic program been amended and its goals altered?

[Answer] The program that was unveiled to the country in 1978 has been carried out almost mathematically, I would say, and all of the measures that have been prescribed come under the program. We are not doing any reprogramming at the moment.

I can indicate to you that the objectives of the program in themselves have been surpassed.

As far as economic growth is concerned, inasmuch as we had seen output fall for the 4 years prior to 1978, we thought that our basic efforts should aim first at stabilizing production and keeping it from dropping and then, in 1979, at achieving a small growth rate of one percent. Luckily for the country, the increase was 4.1 percent, and we expect growth of around 6 percent for this year.

Also, not only did we achieve our foreign sector balances, as we had planned in 1979, but we even surpassed all our goals...

Consequently, we feel that all of these objectives have been exceeded. The only goal that we have not accomplished has been to bring down the rate of inflation. We projected inflation at 40 percent in 1979, and it has been around 65 percent. In any case, it has dropped. At the beginning of 1978 we had 100 percent inflation; by the end of the year it was at 75 percent, and we were down to 65 percent in 1979. But we wanted a sharper drop and we hope to get it in 1980.

[Question] Do you mean that the program has not even undergone a readjustment?

[Answer] Absolutely. On 29 October 1978 I went on television to explain the program, and on the 30th the newspapers published the complete text. Ever since then we have been talking about and stressing our goals.

With regard to exports, for example, we had set \$2.373 billion for 1979 and \$2.683 billion for 1980. Nonetheless, the first year, last year that is, we hit \$3.5 billion and we expect to come close to \$4.5 billion for 1980.

It's the same with our trade balance. In 1979 we proposed a surplus of just \$480 million and we reached more than \$1.4 billion. This will be surpassed by a wide margin in 1980.

In savings, in the current account of the public sector we have also exceeded the levels we set, and the same goes for cutting the government deficit. It was practically eliminated in 1979.

As far as inflation is concerned, you will notice that we set a goal of 40 percent in 1979 and we got to 65 percent. In other words, the pace is slowing, but less than we would have liked.

[Question] What do you think inflation will be in 1980?

[Answer] Forty percent.

Actions Under the Program

[Answer continued] With regard to our actions, if you take another look at each one of them, you will realize that all of the measures have been rigorously adopted. For example, I am going to talk to you about certain issues that have been controversial or about which there has been some debate. The strange thing is that when the program was presented, either certain people did not read it or they did not analyze it, because they did not voice much criticism. Instead, the criticism came later when the measures were being carried out. These measures had been scheduled, however, and even though they might often look like innovations, they had been proposed since October 1978. For example, I can cite to you point four in foreign financing, which reads: "to see to it that servicing the foreign debt does not take up more than 30 percent of export revenue..."

New loans have been taken out, and certain sectors have raised the roof. How can the government be putting the country into debt again? No sir, we are below 30 percent; in other words, we are working precisely within the limits.

Another point about which there was discussion at a given moment reads: "assess and adjust tax exemptions in order to allocate resources in accordance with priorities, alter relative prices to aid the utilization of the work force and promote regional development."

We have issued the Economic Decentralization Act and we have done away with import exemptions. We have eliminated the prohibited items under the new customs tariff. These were planned measures.

Point 7 talks about overhauling the tariff system to boost the level of competitiveness in industry as a function of industrial policy and our commitments. We have done that, implement a new tariff, but it was called for. It talks about rationalizing tariff exemptions, which we have done, and guaranteeing that the economic and financial management of wholly or partly public enterprises enables them to generate resources. Today, practically all of our public enterprises are in financial equilibrium. PETROPERU [State Petroleum Agency], for example, which had a 75 billion [sol] deficit when I took over as head of the country's economy, is in balance at the moment, and all state-run enterprises are gradually being placed in that status.

[Question] Would you tell me this about PETROPERU: aren't taxes a burden on it now, through the concessionaires?

[Answer] No, not under present law. Starting in 1980, the contracting enterprises pay taxes directly.

[Question] Isn't that still being negotiated?

[Answer] No, the taxes no. We are negotiating the contract, but the taxation part is being complied with as dictated by the law.

Fiscal Program

[Question] The 1980 budget supposedly did not provide for funds for special cases like the drought. Isn't the government resorting to the printing press to finance these outlays?

[Answer] As in all budgets, we have certain items for contingencies, but in reality they will be financed through higher revenue. Revenue is on the rise.

[Question] And where is this revenue coming from?

[Answer] It is coming from various places. First, from getting the economy moving again. Thus, we have seen a rise in revenue from the tax on goods and services, from the income tax and from the higher

profits of our enterprises. It is also coming from taxes on imports and exports, which have risen not only in volume but in value as well.

[Question] In other words, these outlays for the drought are being covered with higher revenue. The government is not resorting to foreign financing?

[Answer] Not at all.

Income Taxes

[Question] Inflation has been pushing people into very high tax brackets; in other words, they are paying a lot in real terms...

[Answer] That is true, and for this reason we have made several modifications in the income tax. I think that over the last 2 years we have made some three or four changes in the income tax, especially in earned income.

We are currently taking a look at another modification and before the transfer we will surely have to make another change in the brackets, with the possibility of some kind of indexation, so that they will not become rigid brackets in spite of our inflation...

Naturally, what we are trying to do is relieve the pressure on low- and middle-income earners and boost the tax pressure on total income. But the tax burden must also be kept indexed so that it does not become distorted again. When there is long-term inflation, the brackets shift by themselves.

[Question] Does indexing the income tax brackets mean that inflation could be around for a long time?

[Answer] No. In the first place it is quite difficult to predict this because the current causes of inflation do not depend on us, or this government, or economic policy, or on any government or national economic policy; we are talking about worldwide inflation, which is not just a phenomenon of the Western world. It is an extremely serious problem in the socialist world as well. So, the factor of worldwide inflation is currently unpredictable. Therefore, we are trying to reduce inflation as much as we can, but there is always an outside factor...

[Question] How important is the external factor?

[Answer] That's difficult to gage. There are complex factors involved. I would say that at the moment external inflation represents perhaps 20 percent.

[Question] The modifications have been to the benefit of earned income. What about unearned income?

[Answer] There are several facets to the unearned income question. Although the tax burden is, in fact, high, it is offset, at least partially, by the reinvestment exemptions. So, this is a matter that we are studying in detail to come up with a fair scale.

[Question] Don't you think that the top bracket of 55 percent favors high incomes because of the effects of inflation?

[Answer] That's true, and therefore we are going to boost taxes in the upper brackets and diminish tax pressures in the lower ones.

[Question] It is our understanding that in the United States the top bracket is more than 75 percent.

[Answer] More or less. We have to make a similar decision.

Greater Publicity for the Program

[Question] Continuing with the expenditures and public investment program, it has not been publicized enough. In fact, people hardly know about it.

[Answer] What you have told me is interesting. The program has been published, but unfortunately in the official gazette, EL PERUANO. That's why very few people have read it. Also, it is published project by project. The public investment program was approved by a supreme decree published more than a year ago. It is a 4-year program for 1979, 1980, 1981 and 1982.

[Question] So it has been some sort of shortcoming in the publicity system?

[Answer] I am in total agreement with what you say. In fact, the investment program, the public financing program is approved by legal procedures and is part of the Annual Budget Act. In other words, when we passed the Budget Act, we passed the entire Public Sector Investment Program, which was published in EL PERUANO project by project, even small projects all over the republic.

Debts

[Question] What will be the impact of the new debts on the next government?

[Answer] On the next government, I would say none at all. In addition to these debts, which it is going to be able to handle, there is a ceiling on contracting greater indebtedness. It will enjoy the advantage of having available a package of financial resources to implement a series of investments, from the time that it takes power, without having to get legislative approval or undertake any sort of negotiations. It will have no difficulty in paying them off because it will have extraordinary financial capabilities. Also, the next government will not be paying off the loans that it will be receiving. It is very significant that the new debts that we have contracted are very long-term debts. You yourselves have published that there are 30-year transactions with a 7-year grace period. This means that the country will begin paying them off after the end of the next government. Thus, the burden of this debt will obviously be nonexistent.

[Question] What are the grace periods, more or less, on the \$1.2 billion that has been contracted?

[Answer] Each loan has its own terms. The \$41 million Inter-American Bank loan for the general irrigation line has a 30-year term with a 7½-year grace period, in other words, no payments for 7½ years.

The \$11 million Inter-American Bank loan for the farm credit program has a 30-year term with a 7-year grace period. Another loan, \$50 million for the Industrial Bank for a comprehensive credit plan, which is also with the Inter-American Development Bank, has a 20-year term with a 4½-year grace period.

There is an 18½-year term with a 5½-year grace period for the \$56 million World Bank loan for reclaiming the Lower Piura. The 30 million German mark loan from the German Government for Jequetepeque carries a 30-year term with a 10-year grace period. So the next two governments will not have to pay a cent.

The 14 million mark loan for Tinajones has a 30-year term with a 10 year grace period. Again, the next two elected governments will not be paying anything.

With regard to credit systems, for example, the \$200 million Canadian loan for Tintaya has a 10 to 15 year term with a 4-year grace period. In other words, we will begin paying it back after the mine has already produced a lot more than the amount of the loan. This is a completely profitable project.

So then, all of the loans are very long-term. There are loans of up to 22 years [sic]; in short, they vary, with long grace periods and low interest rates.

International Banks

[Question] International banks and governments have opened credit lines for the country, but won't the change in government bring uncertainties for them?

[Answer] Look, the international banks are very safe, in the first place. They do not grant loans without taking a very serious look at the situation. We would obviously assume that if they are confident enough in the country to award it these kinds of loans, with these lengthy repayment periods and at such low interest rates, it is because they feel, in the first place, that the projects are very good ones. If not, they wouldn't make the loans. In other words, the projects are profitable in themselves and can provide for the repayment.

Secondly, they are assuming that the measures that have been taken and the response of the economic structure are solid, in other words, that they are not something short-lived, that might easily fade away.

[Question] Not even if policy changes?

[Answer] That depends, because a policy change could be for the better. We cannot and ought not claim that the only policy that is valid or good for the country is the one that we are pursuing. There could be another kind of policy.

[Question] But isn't this approach of the international banks contradictory? Because when we were in dire straits, they tied the purse strings shut, and now that we are doing well, they open them. This is a self-interested rather than a friendly attitude.

[Answer] Look, I think that there are several elements involved. On the one hand there is a self-interested attitude. Banks throughout the world unfortunately have this negative side. But it is not true that credit has been made available to us only now, although today, perhaps, it is always available. I do think that there is a single, solidly based Peruvian project that has not had a positive response from international banks. But in reality, if you recall, confidence was restored precisely when we refinanced Peru's foreign debt, in December 1978, when we were still at a low point in the crisis and when, unfortunately, there were no chances for improvement. The banks operated at that time on the basis of the overall economic policy that we had implanted in Peru. In other words, they also helped us in the worst of times, but, of course, on the basis of a program. We were always asked to come up with a consistent program. We were not forced to adopt this or that program. What they wanted was

a consistent program that would be in keeping with economic analysis and that was really sound.

[Question] And backed by the International Monetary Fund?

[Answer] No, because if you recall, the first financial transaction that I carried out was a financial transaction with the central banks of several Latin American countries and of Spain.

[Question] Was it an emergency transaction?

[Answer] It was an emergency transaction.

[Question] Almost a call for help?

[Answer] No. It was an emergency transaction, but it was all based on an economic proposal.

[Question] Was it because the central banks of friendly countries were involved?

[Answer] Yes, but normally the ones that do the lending are always friendly countries.

[Question] Tell me, when you took over the ministry in May 1978, what was the attitude of the international banks?

[Answer] By June it was positive. I would not say they were as open as we are seeing now, but as far as our immediate problems were concerned, we encountered a positive attitude at the time.

Money Supply

[Question] This year, with the highly positive foreign exchange balance that we have achieved, the money supply has increased enormously. If the surplus is even greater next year, what is the situation going to be?

[Answer] This is a very important issue, because it is one of the factors involved in inflation. Since we did, in fact, get a much quicker response in the external sector than we had anticipated, and since imports did not speed up as fast as they could have, there was a surplus, which led to a burgeoning money supply. This was what accelerated inflation or at least kept it from dropping to the levels we anticipated. This and other factors, such as speculation. We have now taken a series of measures, primarily in exchange and monetary policy. For example, the establishment of marginal reserve requirements for foreign and domestic currency, withholding of foreign loans,

and we have also adopted a policy of withholding foreign exchange; 30 percent of the foreign exchange from exports are sterilized, as we says in economics.

[Question] Temporarily, though?

[Answer] For 90 days, but we have also taken other measures. We have stepped up the policy on imports of machinery and all kinds of inputs. You will have noticed that aside from loosening imports and modifying tariffs, we issued a legal provision in January, for example, whereby anyone importing more than 200,000 soles in goods between January and May of this year pays import duties over a period of 6 months, interest free. This represents a cut of around 40 percent in costs, a reduction in the cost of an imported good and an opportunity for industry and importers of machinery and other items...This, then, is a factor that is speeding up imports at the moment. You yourselves have seen and published reports that the customshouses are currently filled with goods. This indicates that we are, in fact, getting back to past import levels. Therefore, the production apparatus is receiving an injection of raw materials, intermediate goods, machinery and equipment that it has not had for some time.

[Question] Do you think that these measures will be enough?

[Answer] We do think that these measures will be enough, but we are working out other measures with an eye towards any additional surplus that might swell the money supply.

[Question] What measures are these?

[Answer] Look, there are always a series of tools in economic policy, for example, certain assets in foreign currency to prevent them from being converted into soles. In short, there is a wide range of possibilities.

[Question] Might exporters be forced to leave their money abroad, as Colombia tried to do?

[Answer] Not necessarily. What we are simply doing is keeping it from being monetized. We have a series of instruments and we are permanently monitoring the pace of the foreign sector to see what measures should be taken.

[Question] Could you tell us how the primary issuance has been doing in recent months?

[Answer] I couldn't give you any figures because I don't have them right now, but issuances of money at the moment are basically coming

from exports. We exported around \$300 million between January and February; I still don't know the final figure. Take off a 30 percent withholding from that, and the change is minor.

The Social Impact of the Program

[Question] We have money, we have dollars, we now have investment, there is greater confidence. How long do you think that this is going to take to translate into an improvement in the social situation?

[Answer] Look, we are already seeing the phenomenon that we might call the trickling towards the social sector. The social impact of our economic recovery is beginning to be felt, not spectacularly or automatically, but it has already begun to be felt. If we take a look at wage levels in certain sectors of the country, you are going to see that they have obviously improved a lot. In the mining sector, for example, real wages are hardly paltry.

[Question] Are they at the same real level as before inflation?

[Answer] I would say that they practically are, because of the labor union contracts and all that, as well in the banking sector, in addition to the increases that the government has granted in a bid to protect our lower-income citizens who do not have bargaining capability. The wages of municipal workers, for example, are better than people think. Municipal workers have much higher income levels than ministry directors. It so happens that people don't know this at times... For example, it would be interesting if you did a survey and asked how much city workers, sanitation workers, make. I think that you would be in for big surprises, pleasant ones of course. And it would be interesting, for example, if they were compared with public sector salaries, even at the highest levels, major generals for example, because at times there is a lot of speculation about the salaries of major generals. Compare them with the salaries of bank employees, of city workers, of SIDERPERU (Peruvian State Iron and Steel Enterprise) workers, of electricity enterprise employees, of miners. I think that the country would be in for a lot of surprises.

[Question] But such information is not accessible to the press, Mr Minister.

[Answer] I think that it should be. There is no reason whatsoever why a municipality cannot reveal, for example, its wage payrolls; there is no reason whatsoever why the public sector cannot hand over its wage payrolls.

[Question] The press has a lot of problems getting that kind of information.

[Answer] Look, I think that this would be an important thing to do, because at times a lot of people form opinions on the basis of rumors, not facts. I think that it would be of interest to the country if the actual payrolls of the Armed Forces, the public sector and the private sectors were published. I think that the country would be very much surprised if it saw them.

[Question] Speaking of wages, the government has just issued a ruling resolving the textile workers demands and providing for an automatic adjustment of wages. This is, in reality, an indexing of wages vis-a-vis inflation.

[Answer] That's right.

[Question] Could this spread throughout the country?

[Answer] No. Look, I'm going to tell you the following. This too is an information problem. The textile sector, the textile workers have had this system since 1945. At a serious point in the economic crisis the employers and workers agreed to suspend the indexation system in 1976 and 1977 until December 1979.

[Question] The parties agreed on this? It was not a government decision?

[Answer] It was an agreement between the parties, but it was formalized by a ministerial resolution. Indexation was a union accomplishment and could be modified only pursuant to an agreement between the parties. That is why I am saying that the way it was reinstituted is a problem of information.

[Question] The system could work with inflation rates of 6, 8 or 15 percent. But do you think that it can continue with 40 or 60 percent inflation?

[Answer] Look, as I told you, our goal is to keep inflation below 40 percent this year, and we are going to take all appropriate measures to do this. Therefore, we are in a process of cutting inflation. In dealing with inflation, it is not a good idea, we feel, to adopt such a system, because other Latin American countries that have adopted it have had no way to reduce the inflation rate. But here it is a partial arrangement, and since we have a firm anti-inflation policy, we feel that we will see a downward trend in inflation in a few months, and so I do not think that this factor can bring any distortions as long as it does not become widespread.

[Question] Now then, what about the automatic adjustment that has been reinstituted after so many years? Isn't it going to mean that other unions or other organizations are going to try to get the same thing? What would the government do in that event?

[Answer] We hope that they do not, because the fact is that we feel that a policy of generalized indexation is not good for the country, for a very simple reason. Our structure is still that of a developing country. Most of our workers are not unionized. There is an enormous amount of independent workers and an enormous amount of underemployment. So, a policy of generalized indexation would lead only to greater social injustice, to a greater distortion of the wage system and to a privileged status for organized labor. The general policy that we are pursuing is for the government to make periodic wage adjustments. We think that this is much better and much more just; and then we also have the collective demands of the union sectors, which are providing sharp rebounds in income as well.

[Question] When do you expect to achieve a balance in the social sphere?

[Answer] With regard to the social sphere, I think that we are going to be feeling an improvement during this first half of the year, and this goes for more jobs as well. This year the public sector alone will have to generate more than 300,000 new jobs through the public investment program. As far as housing is concerned, for example, construction is now beginning, through FONAVI [National Housing Fund], on more than 6,000 units at the same time, and the fact is that this year we have to build around 20,000 units. In addition, we have the investment program with the hydroelectric plants, irrigation projects, roads, as well as a great many public works. We are also currently preparing an additional intensive jobs program, which should be approved in the next few days.

[26 Feb 80, p 6]

[Text] [Question] Does the ministry have new loan programs such as the ones that you have just negotiated?

[Answer] Yes, of course. We are negotiating for a string of transactions. We must always take a dynamic approach. As I have said previously, I do not think that a government ought to be paralyzed by the fear of what politicians might say. Peru cannot waste its opportunities to finance its development just because of such a fear. Governments are transitory, but the country remains, and loans are for the country, not the government. Therefore, a government must govern up until its very last day in office, its last hour. And based on this notion, we will continue working as if it were our first day.

[Question] Does this mean that other transactions are in the works at present, in addition to the \$1.2 billion?

[Answer] Yes, there are transactions in the works. Everything is proceeding normally in accordance with our program. Moreover, we have an urgent need to guarantee a lot of things because our social problems are serious. People are born every day, and there is an increasing need for jobs.

[Question] Tell me, what level have domestic debts reached?

[Answer] I couldn't give you any figures at the moment because I do not have them on hand.

[Question] But it is my understanding that you have committed a very large portion of your budget to finance charges.

[Answer] It is not a very large portion.

[Question] About 30 percent?

[Answer] More or less.

[Question] But the trend is upward, isn't it?

[Answer] No, on the contrary. I would say to you that since tax revenue is on the rise, the share is normal and there is a balance.

[Question] What were the developments in private investment during the past decade?

[Answer] Look, I do not have the sort of analysis to indicate that to you, but I think that investment has not been steady. There have been periods of high investment. Industry, for example, is one of the sectors that has invested quite a bit and has made major gains. I think that it was not "the lost decade," as the saying goes, but the decade of profits.

[Question] It has, in fact, been shown that business profits were very high. Has this money been reinvested?

[Answer] Yes, most of it. There can be no doubt that the capitalization of the industrial sector is due to a very high ratio of reinvested profits and also to tax breaks on reinvestment.

[Question] Might they have invested only from that portion?

[Answer] No, they have also invested their half. This is how our domestic industry has been capitalized. Between 1968 and today Peru's industrial structure has obviously changed to a very great extent qualitatively.

[Answer] And what is your view of our food problem?

[Answer] It's very touchy. The country's food problem has always been very serious; it's nothing new today. Our agriculture is very weak. The percentage of hectares under cultivation in Peru is one of the lowest in the world. And this was on top of a feudal production structure that lasted many long years and that was recently taken care of under the agrarian reform that the Armed Forces government is carrying out. Consequently, we have had to overcome a number of structural factors. At present, when the change in structure and ownership is about to conclude, we logically have to begin bolstering peasant farmer enterprises.

[Question] Don't you think that food imports could become dangerous?

[Answer] No, as long as we regulate them while boosting domestic output. We have to feed people, and therefore we have to bring in food, much of it imported. We have the capability of doing so now, and there is no reason why we shouldn't. But the important thing is to keep developing our agriculture.

[Question] How long is our ability to import foodstuffs going to last?

[Answer] Well, if you take a look at the farm trade balance, it's not too bad either, because don't forget that we also export farm products, not foods but from the farm industry. In other words, the countryside has its own trade in balance.

Salaries and Access to Information

[Question] You have revealed, for example, salaries up to their highest bracket. But what about outside that bracket?

[Answer] An additional 10 percent. The law is very clear-cut: 70,000 soles is the highest base salary, with 10 percent increments and so on. So we have the superior director and then the chief at the ministerial rank and then the cabinet minister.

[Question] Does this mean that your base salary is less than 100,000 soles?

[Answer] That's absolutely right. In real terms we cabinet ministers earn less than half of what we did 4 or 5 years ago.

I am telling you this because there is unquestionably a lot of distortion in this area. I think that a major general, a man who has served the state for 35 years and has left 60 percent of his comrades behind in the selection process, earns 150,000 soles, which is \$500 dollars. In 1965, when the dollar was worth 27.80, they earned more than \$1,000 or now they're making \$500 a month. And a cabinet minister, well...I earn the least of all the cabinet ministers because I do not have many years of service. I make the lowest salary. I am the worst paid economy minister in Latin America.

[Question] How much does the manager of the Central Reserve Bank make?

[Answer] More.

[Question] And what about in private banks?

[Answer] A lot more. The problem is not to indicate how much a minister or a general makes but to compare them with people in the private sectors at more or less the same level. That's the important thing, to compare them with the various categories of bank employees, the general manager of a bank and his agents. How much do municipal workers make? There are city street sweepers who make 80,000 and 90,000 soles a month, a lot more than the director general of a ministry. We have to make this known. Then when they go on strike, everybody says: "Poor people, what a pittance they earn." Let's say that their salary is poor, but in terms of what a colonel, or the assistant manager of a public enterprise, earns, their salaries are a lot higher. And nevertheless, they are poor people that everybody feels sorry for; the others are the bureaucrats who are lining their pockets with silver. This is causing tremendous distortion in the country that is going to do a lot of damage to the new government, because what is going to happen is that when people are called into the public sector and find out what the basic salary is, many of them are going to say no. If they're in the private sector earning a half million, 700,000 or 1 million soles a month, as many of them are, when they are asked to come and work for the state, they are going to say no. A political post like mine is one thing; I can decide to give up a tremendous amount of earnings for a given period of time because it is a short-term political position. After all, I have some savings that I can use for this purpose, but it's a short-term job. However, you cannot ask for sacrifices from someone who cannot afford to sacrifice. That's not going to happen. It's going to be a serious matter in that case.

[Question] Have the legal ceilings on salaries disappeared?

[Answer] They no longer exist. Salaries have gone up in the public enterprises because they were already very low. We have had a drain of people. A number have left the Central Bank and other state-run banks. So the state is losing its technicians and experienced people. I am not saying that the state can offer the highest pay, as is the case in Mexico, for example, where the public sector pays the country's best salaries. We are not trying to do that, but we at least want to offer decent pay to narrow the frightening gap that exists, for example, with the electric power enterprise workers, who have their salaries indexed. All of the workers in the electric power enterprises earn more than a high-level public official.

[Question] But they are threatening to go on strike.

[Answer] I don't think that it can be over salaries. It must be a political problem, because the sector has its salaries indexed. They do not feel the impact of inflation and on top of that they get their electricity at half price. These are things that people should know about. The country often says, well, a strike is logical because these people are poor. But they do not know what is really happening. I understand, for example, that teachers are poorly paid, that their salaries have to be upped; this is true. University professors, for example, are poorly paid, and so we have to raise their salaries because they really are low, 24,000 or 30,000 soles, a pittance. But the workers at Electrolima better not tell me that they're poorly paid, because they're indexed, to boot. They are even doing better than the dollar, because the dollar is up 25 percent and their pay is up 65 percent. So they're better paid than if they were earning dollars. Yet, they go on strike, and the country is not informed about this. This is dreadful; the people's view is distorted by poor information, even our political leaders. When they take over the government, they are going to be in for an enormous amount of surprises. Now that they actually have to begin running things, they are going to get the most incredible surprises because they're misinformed.

[Question] But isn't the government itself to blame for this?

[Answer] Very much so, and this is one of the things that has hurt the government the most. What has happened is this: I think that it has not been a question of good or bad faith here but a problem of conduct, because the military is an inherently reserved institution, and it has to be reserved in its actions, out of courtesy. A military man is reserved and keeps military secrets, and this attitude is, of course, projected in the country's politics. However, this is not healthy politically. In the military it is logically a

virtue, but it's different as far as the country's politics as a whole is concerned. This is what lends itself to a series of speculations and other things. This is how a rumor can actually become news, and this damages us, because the rumor is the winner.

[Question] But you have come up against the same problem. Why haven't you cleared up the accusations?

[Answer] I did clear things up when Alfonso Baella leveled an accusation at me in EL TIEMPO. I made a complete public clarification and I ultimately asked for an investigation by the General Comptroller of the Republic. It conducted the investigation, which was published in all the papers. Otherwise, the matter would have lent itself to speculation.

On the one hand, the right accuses me of being a communist, and on the other, the left accuses me of being a capitalist.

[Question] Is it untrue, then, that you have capitalist ties, as people say?

[Answer] Well, I think that this is part of the opposition and the attacks. That's always the way it is, but as long as there is no proof, let them come up with the proof.

[Question] Are you a partner in a company?

[Answer] I hold only the stocks that I had before becoming minister, and some of them have been cut back, precisely because of the post. Moreover, it's a very small amount of capital.

[Question] In other words, you're not a rich capitalist?

[Answer] I don't even have a 20 percent share in a small company.

[Question] Why does the opposition say that you have major ties and that you are a man of great means?

[Answer] They have not proven anything against me, they have not said anything specific against me. Shares of stock are registered in Peru, and it's easy to find out the owner. Moreover, if I owned them, I would have no reason to deny it.

[Question] Newspapers can carry out the task of clarification as long as they have access to the source of information...

[Answer] In that regard, I offer them, from my part, every facility to get into this, because I think that we have touched upon several issues today that the country must know about.

There is rumor and speculation rather than facts. People say that bureaucrats, high-level bureaucrats are earning fabulous salaries, that the military has all sorts of fringe benefits, and this is how rumors start, and people take them for granted. And all of this can be readily cleared up. That's why it is important to publish the salaries of the generals and colonels; this is no secret, and people are going to be surprised. We also have to publish how much the ministers, the superior directors, etc make. I think that we can also publish how much the employees and officials of the various sectors earn, so that the country can find out what is really happening and not depend on rumors, because that's bad and serious mistakes can be made. I think, for example, that keeping the salaries of public administrators confidential has done a lot of harm to the country, because on the one hand the figures have gotten blown up, and on the other, their real salaries have dropped, and problems have arisen that could be touchy for the country, for the efficiency of the public administration. So I think that these kinds of things should be reported.

And then, for example, I am sure that many people do not know how much the state is investing, how many projects it is undertaking. People get the impression that the state isn't doing anything, that it's sitting there with its arms crossed, and of course since no investments are being made in Lima, a lot of lies are propagated.

We cannot ask opponents to praise the government, but they should at least know what is going on. For example, one presidential candidate said that his administration would undertake an irrigation project in a specific spot, and the project has been under construction for a year now.

Preserving morals is another very important thing. The fact is, when a government leaves power in any country, anywhere in the world, there is an increase in corruption, and this is one of the most dangerous things that can happen to a country.

Therefore, I think that the press has to make an effort as a watchdog and report on how contracts are awarded, how bidding is being done, and how this, that and the other thing are being done, so that people know what is going on, and if there really is corruption, then they should pounce on it. Rumors are the worst thing; a direct judgment is preferable, but a responsible one. I think that this is a tremendously important factor.

[Question] Whether all this works or not depends on the access that people have to the source of information.

[Answer] That is why I, at least, am offering to secure for them every possible access to these kinds of things. This is the best way to clarify things and play a watchdog role. At the moment, for example, the government is very concerned about the corruption that has been noticed in a number of branches.

In customs, for example, there is more than a little hanky-panky going on. There are a lot of trials in progress, and I have had to put several officials in jail. So people also have to know about this. I'm not saying make a scandal out of it, because innocent people could get caught in the middle. But we should find out what's going on.

[Question] Is this your personal attitude or is it the attitude of all of the members of the government?

[Answer] I think that this is our common attitude, at least among the president of the republic and the other ministers with whom I have spoken; they all agree on this. I think that this is totally healthy for the country. A lot of things are going to be cleared up this way.

Public Enterprises

[Question] As far as public enterprises are concerned, are you saying that all of them are in the black, that none of them are running at a loss?

[Answer] Look, some might be running a small deficit, but I would say that on the whole the public enterprise system is currently in balance.

[Question] A law has recently been issued that curbs producers' access to boards of directors, the case of MINPECO [Peruvian State Mineral Marketing Company], for example. What level of decision-making power will they have, then?

[Answer] They are going to have very little decision-making power because there will certainly be only two of them on a seven member board. The important thing is that since it is a marketing enterprise, whether the producer is public or private (we have a very large state-run mining industry), it should know how the marketing is being handled. The fact is, however, that the arrangement, the structure, the system has not changed at all.

[Question] Is this a result of the problem that arose in MINPECO or is it a change in policy?

[Answer] It is not a change in policy, because the marketing policy is the same. The state has a monopoly on the marketing of mining products; so there is no change in policy. The only change is in the makeup of the enterprise board, so that producers have a say and participate when it comes time to sell their products on the world market.

[Question] Would they be able to oppose a transaction?

[Answer] No, they cannot, because the voting system on the board has not been changed. If it is a normal board, everything else is done by majority or unanimous vote.

[Question] Wouldn't this establish a precedent for producers to participate in other marketing enterprises?

[Answer] They are already, in fact, participating. Here we have been talking specifically about the representatives of the Mining Association, the representatives of the small-scale miners, the representatives of the producing enterprises, and the state. But there is another kind of board in the public enterprises in which the private sector has input not as the representative of the trade union but as businessmen, because we do see any reason for them not to.

Price Controls

[Question] When might we see a balance between pay and the cost of living?

[Answer] That is going to depend on two factors. In the first place, we have the serious problem of unemployment...A worker who has work, even though he earns little, which is bad, can hold his own. But people out of work are in a more serious position. So, we are giving top priority to unemployment. We regard it as the country's number one problem. Second comes the rebound in income levels, which is taking place, as I told you, through the collective bargaining process and the periodic increases that the government grants. We have taken a series of measures to curb inflation, such as regulating prices, because speculation is also a major factor in inflation.

[Question] Yes, but when do you think that this balance will come?

[Answer] I think that we can reach it around the middle of the year.

[Question] A balance between people's income levels and the rate of inflation?

[Answer] Naturally.

[Question] Does this problem of speculation that you mentioned also include producers?

[Answer] Of course.

[Question] The manufacturers of industrial products too?

[Answer] Of course.

[Question] And what about speculation in foodstuffs?

[Answer] Speculation in foodstuffs, as well as in industrial goods, because people at times think that the cost of living depends only on food, but that is not the case. Human beings consume a vast number of goods: fabrics, clothing, chemicals, etc. That is why we have had to begin regulating a much wider range of prices.

[Question] Does this mean that the free market economy has been unable to contain inflation?

[Answer] The fact is, a free market economy in a developing country does not work, in my opinion. No developing country operates with a free market economy, not even the developed countries. Furthermore, no developed country has a completely free economy.

[Question] No completely free economy exists?

[Answer] None that I know of.

[Question] There is always some sort of control?

[Answer] Some sort of mechanism or control.

[Question] But we didn't have a control mechanism here in Peru until a short time ago...

[Answer] We have had a control mechanism, several control mechanisms. The fact is that the state has a direct share of more than 30 or so percent in production activity. We are one of the countries with the most state intervention in the economy.

[Question] Through its enterprises?

[Answer] Of course, and they are the ones that administer the prices of basic goods. Secondly, you know that we have a three-tiered pricing

system here. First we have the free market prices, then the regulated prices and then the controlled prices. The controlled group includes a range of items whose prices are fixed by decision of the state. There are several foodstuffs, basic inputs, cement, for example, iron and a series of other items. Other products are regulated, and what we have done on this occasion is to increase the number of regulated items, in other words, to reduce the number of products on the free market. Moreover, we have opened the door to imports, and therefore there is not the limitless protection that there used to be, whereby producers could keep on raising their prices forever because they had no competition from abroad. We have now opened the door to overseas competition at a protective tariff level that will enable them to survive, but they are no longer going to be able to speculate too much because they know that they have competition...

[Question] Isn't a cut in tariffs a double-edged sword?

[Answer] No, because we have not been careless. What we have done is eliminate import bans, but we have kept tariffs, tariffs that we regard as adequate to protect industry.

[Question] What level of overall protection did industry have?

[Answer] It was quite high, and I would say that it is still quite high in this country. There are items that have 60, 70, 120 and 170 percent tariffs.

[Question] Do you think that this is enough to adequately protect domestic industry?

[Answer] I would say that our current tariff levels still represent over-protection, but since we have become used to limitless protection, we cannot make a violent cut in tariffs. What we have done is, first, to set up reasonably high tariffs and then to loosen up imports.

On Politics

[Question] With regard to politics, Mr Minister, don't you share the fear that a scattering of the vote could create problems?

[Answer] I trust the good judgment of Peruvians to elect a solid government. We must not confuse a scattering of candidates with a scattering of votes. I don't think that the vote will be scattered.

[Question] In weighing the assets and liabilities of the revolution, do you share the theories of the first phase?

[Answer] To a great extent, yes. I think that the revolution is a single whole. I make no distinction, and as the president of the republic has been saying recently, I think that it has merely been a pro forma political distinction, but there is not much difference. I think that the process had a first stage in which a structural change that was essential for the country was proposed with a certain style, which was logical, because each leader has his own style of running things. Then came a very logical second stage of adjusting what had been done. It is a big lie, for example, when people say that social property was promoted in the first phase and brought to a halt in the second. During the first phase it was politics, paperwork and speeches, but do you know how much the government allocated to social property during the entire first phase? It gave it 300 million soles. And how much has the government given social property this year, 1979? Four billion soles. What happened was logical. The first part consisted of the design, specific proposals and specific measures that were essential in breaking down obsolete structures...

Then came the stage of consolidating control so as not to let what was accomplished slip away. So, I think that we have not gone backwards at all, nothing of the sort. It so happens that people have certain images, and as I said before, we are again to blame, because we have a poor mechanism in our own information base.

[Question] The country's economic development is obviously based on capital, on the capitalist system, with minor variations...

[Answer] They are not so minor.

[Question] Is worker profit-sharing the only major variation that we can point to in Peruvian capitalism?

[Answer] Not only that. The state has a more than 30 percent share in our economic structure. We also have a price control structure and a collective agrarian structure...

[Question] Do you think that a collective, socialist agrarian structure and capitalist urban development are compatible in a country?

[Answer] The danger is not too great.

[Question] Don't you think that it would be better to adapt the peasant farmer enterprises to the capitalist system?

[Answer] Not at all. I prefer to do the opposite. It is interesting, for example, to see how a country like Hungary has developed. I have been in Hungary, studied their setup closely and talked with ministers and ordinary people. They have a socialist economy, but you can see a private structure in commerce, for example. The basic structure of production is cooperatives, and basic industry is state run, but they have a small private industry, and retail trade is also private; they have mechanisms of competition. Hungary's socialist structure coordinates perfectly well with private enterprise. I think that it is quite possible to maintain a pluralistic structure here, to spur social property, to spur the cooperative movement.

[Question] Peruvian industry is basically private, isn't it?

[Answer] Careful now. It depends on whether you include the cement industry, with its sizable sales and capital, the steel industry, the entire basic metals industry, basic petrochemicals. The state-run industry is quite large.

[Question] And what about our future development?

[Answer] I think that it has to be state-run enterprises, joint enterprises and private enterprises...And here, moreover, we come to a definite fact. If I tell the private sector right now to build an iron and steel plant the size of Chimbote, where are they going to get the money? We don't have capitalists here, just future capitalists. We are a poor country. Big industry and big capital have yet to emerge.

[Question] Would you agree to continue in office in the event that the new government calls on you?

[Answer] I would say no, and not merely to refuse something. Rather, I think that at the outset of this democratic period, when political parties are in operation, the important thing is for the new political forces to participate with their own men in absolute freedom. In addition, I think that criticism of previous administrations is very healthy. They should even go so far as to investigate what we did. The freedom with which they must operate and carry out their government programs is also important.

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